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# ***JPRS Report***

## **East Europe**

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# East Europe

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## CZECHOSLOVAKIA

### Slovak Separatism Gains Ground

90CH0158A Zurich DIE WELTWOCHE in German  
17 May 90 p 17

[Article by Inge Santner: "Separatist Tendencies Are Happily Revived"]

[Text] Weeks ago, they obtained the supposedly decisive little word "and" by sheer defiance. Since early April 1990 the former Czechoslovakia is known by the truly breathless designation of "Czech and Slovak Federated Republic" (CSFR) and thus indicates that Slovakia is not a mere appendix of the Czech provinces, but a fully equal partner.

The barely 5 million Slovaks managed to squeeze many other concessions out of 10 million Czechs. In Bratislava, they have their own government and their own parliament. They indulge themselves with their own media, universities, and cultural institutions. With their own parties, they will enter their first free elections on 8 June.

Recently they came out with their own car license plates, containing a beautiful Slovak crest in the center, which can immediately be distinguished from the old all-Czechoslovak plates.

Still, the Slovaks seem far from satisfied with the extent of autonomy which they have gained so far. The separatist tendencies of yore, which in 1939 led to the formation of an "independent" Slovakia by Hitler fiat, are being happily and loudly revived.

The disintegration of the 15 million [inhabitant] Czechoslovak state after the June election is no longer an impossibility. Not only the Slovak emigrants in the United States and in the FRG are fomenting nationalism; most of the Bratislava politicians are riding the crest of an anti-Prague wave as well.

This "break away from Prague" movement does not come as a total surprise. The Slovaks are a young and dynamic people chafing under inferiority complexes and a national compulsion for catching up. They were, after all, required to put up with servant status in their own home for several generations.

The search for their identity was no doubt much more difficult for the Slovaks than for the Czechs. The primary reason for this is the fact that the province situated between the Danube and the Tatra Mountains in the Hapsburg monarchy was subjected to tough Hungarian management and Hungarianization, while the Czech provinces of Bohemia and Moravia could develop in greater freedom due to the more relaxed administration in Vienna.

An excellent Czech translation of the Bible had long been in existence when finally, in 1843, a usable Slovak

grammar saw the light of day. The first Czech newspapers appeared in 1786, the first Slovak ones in 1812. Czech plays could also be admired in Prague since 1786, while in Bratislava the theaters produced only Hungarian and German plays until the end of the monarchy.

After 1918, during the first Czecho-Slovak Republic, the Slovaks had not much say in anything, and could decide nothing. "They can call themselves whatever they want; to me they will always be Czechs and their language a Czech dialect," said foreign minister, and later President Eduard Benes bluntly. The lack of a homegrown intelligentsia made it easy for Prague to establish an almost all-Czech civil service. Even the Sudeten Germans had more rights in the party, education, and justice areas than the "state nation" Slovakia, which remained the most retarded area of Central Europe, stigmatized by illiteracy, great numbers of emigrants and a low level of civilization.

The Slovaks were hardly better off after 1945. Until 1948, the Second Republic treated them almost as condescendingly as had the First, especially since all-powerful Communist Party chief Antonin Novotny (1953-68) never missed an opportunity of slighting the poor relatives in Bratislava.

The first change occurred under the reform communists of 1968, headed by Slovak Alexander Dubcek. In months-long negotiations they came up with a constitution which converted the monolithic state into a federation of two republics having essentially equal rights. Better late than never, this changed a paper autonomy into a fairly substantial one.

Since then the Slovaks have been considered the only winners in the short-lived "Prague Spring." The state pumped, and is still pumping enormous amounts of money into the previously neglected eastern zone. The result: a tremendous economic upturn, based primarily on hydroelectric power, tourism, arms factories, the chemical and building materials industries. According to Bratislava sources, today's Slovakia, with 33.6 percent of the population, produces almost 43 percent of all CSFR goods. Its machinery inventory is decidedly more modern than that of the traditional industrial areas of Bohemia and Moravia.

All signs are pointing to a real process of reevaluation in Prague. The formerly arrogant Czechs now act as die-hard promoters of their junior relatives. Nothing, at least until now, could turn off their goodwill. They are showing almost admirable tolerance in facing up to the excesses of the sensitive Slovak soul. Such as the 40,000 new arrivals from Bratislava who are sitting unproductively on various committees in Prague and who are escalating the capital's housing shortage to an intolerable degree. Or the fact that two of the three top government officials—Prime Minister Marian Calfa and Parliamentary President Dubcek—are from Slovakia.

Not even the excessively Slovak-dominated TV has driven the Czechs up the wall. They would have good



reason for this night after night. The CSFR's TV scene is marked by a carefully institutionalized bias. In Bratislava there is a Slovak TV station, which of course does not use a single Czech word. And in Prague there is the so-called Federal Station, which alternates between speaking Czech and Slovak, for entertainment programs as well as for news broadcasts, for weather reports and for soccer matches. But there is no all-Czech station.

Gradually however, the Czechs are getting sick of all that. They are furious that in Bratislava the fascist greeting "Na Straz" ("Be vigilant") is once again being used, that the songs of the fascist Hlinka Guard are popular again and that Jozef Tiso, the President of autonomous Slovakia, who was executed for high treason in 1947, is about to be rehabilitated.

What is going to happen if the notoriously dissatisfied Slovaks make outrageous demands during the forthcoming negotiations about the new constitution? What if they rage jealously against the overdue modernization of Czech industry, talk, as is their custom, about "exploitation" and once again threaten to split off from the union?

Should this happen, the well-known Prague author Ludvik Vaculik has a laconic suggestion: "Just let them go," he counsels his compatriots.

In a recent, widely read article in *LITERARNI NOVINY*, he thinks that the loss of Slovakia would result in nothing but advantages to the Czechs. First, they could get on with their work in parliament, rather than argue for months about state names and state crests; second, they would have the pleasure of having a buffer state between themselves and the USSR; third, they would get rid of the 600,000 rebellious Hungarians who all live in Slovakia, not to mention the 47,000 Ukrainians, and 300,000 gypsies. The needed reforms in government procedures, he thinks, would surely come about "more easily, more quickly and more cheaply" without the Slovaks.

## HUNGARY

### U.S. Foreign Policy on Lithuania Viewed

25000732B Budapest *MAGYAR HIRLAP* in Hungarian  
24 Apr 90 p 5

[Editorial by Peter G. Feher: "Independence"]

[Text] The United States will never recognize the Soviet occupation of Lithuania, Latvia, and Estonia. These words were uttered by former President Reagan in the course of a Washington ceremony at which the ambassadors to the United States of the three Baltic states' governments in exile were present. In addition to the above words, several dozen identical and similar statements are preserved in archives. Reagan was not the first U.S. president to stand up for the independence of the three Baltic states by using solemn words.

In the American capital one still sees the national colors of the Baltic states on their embassy buildings. Considering all this, it would be reasonable to believe that when Lithuania proclaims its independence from the Soviet Union, the United States and the West would do none other than to simply confirm the position they have held thus far. After all, the secret clause of the Molotov-Ribbentrop pact which Moscow denied for decades has been rubbed under the noses of Soviet leaders whenever the issue of the Baltic region has arisen.

Now, not even Moscow denies the existence of the secret clause which divided East Europe into spheres of interest. In other words, based on international law and the way the West has stated it for decades, Soviet presence in the region at issue is illegal. And as long as this is so, why do the West and the East now abandon Lithuania? Why do no specific measures follow in the footsteps of the dramatic pronouncements that have been voiced by the West for decades? After all, the declarations we hear from West Europe and the United States do not recognize Lithuania. They tend to calm Lithuania instead, to veil the essence of the matter, to try finding a common denominator for Moscow and Vilnius, and to counsel pacification.

It seems—in fact it appears certain—that the West would prefer a resolution which would retain Lithuania and the two other Baltic republics within the framework of the Soviet Union. Now one does not hear about the right to self-determination by the people, about the right of every nation to be independent. Put simply and plainly, expressed or implied, the West intends to strengthen Gorbachev's glasnost and perestroika, as opposed to Lithuanian independence endeavors.

The question is not raised in the West in terms of conflict between their present conduct and the ideals and ideas they regard so highly—and let's be candid: not without foundations. Instead the question is being raised of whether the recognition of Lithuania's independence would not put Gorbachev's policies to a test that Gorbachev could not withstand. Not to mention the fact that the actual independence of Lithuania would trigger a chain reaction, and would result shortly in the actual independence of the other two Baltic states. This would be followed by the breaking off of other nationalities areas of the Soviet Union. Unquestionably, a process like this would halt glasnost and perestroika, and would very likely make them disappear from the political agenda.

Analyses of the Soviet Union published in the West unanimously hold that the beginning of Lithuanian independence would mean the end of Gorbachev's policies. Irrespective of how firmly the West believes in its own ideals, the governments of capitalist countries are headed not by idealists, but by realists. People who are well aware that ideals are one thing, and reality is another. And the reality is that Lithuania's independence could easily overthrow Gorbachev, or, what is perhaps even worse: Gorbachev would be forced to

revise the policies he has followed thus far. In other words: Soviet policy as a whole, as pursued thus far, would undergo a drastic change, together with Gorbachev's person.

Irrespective of whether the first or the second alternative is realized, there is no doubt about the direction in which Soviet politics would change. Only an iron fist could come after the present trend, one that would not be selective about the means by which to hold the Soviet Union together, and by which to enforce its will vis-a-vis the Western countries. Or if it is selective, only the most extreme implements would be selected from its arsenal of choices. On the other hand, the West is not prepared for a possible new cold war period, not even if it is obvious by now that the Soviet Union has fallen back in the competition between global systems. On the contrary: The West recognizes the fact that by now the Soviet Union seriously takes proposals for disarmament and other matters, in whose acceptance the West sees the direction of international development, as the fruition of its long-term policies.

And as far as East Europe is concerned, in a political sense, it is trying to get as far away as possible from the Soviet Union these days. For four decades East Europe has had opportunities to experience in given situations the consequences of taking steps that are disliked by the Soviet Union. The East European region is far more preoccupied with itself than ever before, and even if it secretly sympathizes with Lithuania, it would not risk surrendering the "distance" from the Soviet Union it has achieved thus far.

#### **Germans Removed to USSR in 1944-45 Plead for Rehabilitation**

25000731A Budapest KAPU in Hungarian May 1990  
p 33

[Text of statement dated 24 February 1990 by the Association of Germans in Hungary, Participants at the Rehabilitation Conference: "Concerning the Rehabilitation and Indemnification of Germans in Hungary Removed to the Soviet Union at the Turn of 1944/45"]

[Text] "Statement concerning the rehabilitation and indemnification of Germans of Hungary removed to the Soviet Union at the turn of 1944/45

"(1) Based on Secret Order No. 0060, dated 22 December 1944, and an agreement reached between Soviet military authorities and the provisional Hungarian Government established in Debrecen, between 60,000 and 65,000 Hungarian citizens residing in Hungary, of German origin or bearing a German name—mostly young women and men—were removed to the Soviet Union.

"The age bracket for men ranged between 16.5 and 45 years, and for women between 17.5 and 35 years.

"In drives also supported by local authorities, these people were mobilized in most places for a short period of time to "collect the harvest," and only in a few places were they informed that they would be removed to the Soviet Union.

"(2) In a majority of the cases 'malenkiy robot' turned into heavy forced labor lasting from one to five years. Between one-quarter and one-third of the persons removed never returned.

"In favorable cases, after experiencing certain improvements in health and after getting married, most women residing in villages were unable to perform work other than raising children.

"Almost half of the persons returned were able to accept only light physical labor, due to illnesses contracted in labor camps. Those in relatively good health could never make up for the time lost and disadvantage incurred by the time spent in forced labor. Very many did not live long enough to reach retirement age. A majority of those still alive today either do not receive pensions, or receive only very low pension payments. Many experienced violations of their legal rights in Hungary.

"(3) After the passage of four decades state organs placed on the agenda the rehabilitation of those whose rights were violated. National Assembly Resolution No. 20/1989 of October 1989, and Council of Ministers Decree No. 104-MT, dated October 4 1989, is acceptable only in part. It deviates from the original promise made, it makes no mention at all of Germans in Hungary, and only a fraction of the persons involved receive the 500-forint pension supplement. We request that the above-mentioned resolution and decree be reexamined.

"Many believe that the above decree divided the Germans in Hungary. It excluded from financial indemnification all those whose years spent in Soviet labor camps have been considered as part of the years on the basis of which pension eligibility is established. Accordingly, they receive only between 30 and 120 forints for the years they spent outside [of Hungary]. Persons affected feel that this measure is unjust because it makes distinctions between those who were removed [to the Soviet Union] and those who were not, and because it does not provide a onetime financial indemnification in proportion to the years spent [in the Soviet Union].

"In the interest of fair proceedings we feel that the following action should be taken:

"(a) The National Assembly should:

"—Declare that the removal of Germans of Hungary constituted a severe violation of human rights, and a severe injustice. The persons involved suffered innocently, because of their nationality and because they were Germans, and that their removal was one of the manifestations of the collective punishment of Germans in Hungary;

"—Express its condolences—including the enumeration of names—to the relatives of the deceased, and its sympathy to those still alive;

"—Do everything possible to provide in a humane spirit financial indemnification to the persons involved, and to widows and orphans; and for Germans in Hungary to be treated the same way as other Hungarian citizens who were the subjects of similar injustices, and who are not of the German nationality.

"(b) All persons removed to the Soviet Union, and persons born in the Soviet Union during internment should receive 500 forints per month, irrespective of their pension situation, including those people who do not receive a pension in their own right or widows' pensions, or some other benefit.

"(c) In proportion to the time spent [in the Soviet Union], all claimants should receive a onetime financial indemnification. The persons involved believe that the proposal for indemnification submitted to the government by the Recsk Association applies to them. The participants recommend that rehabilitation and indemnification should be accomplished on the basis of a law of general applicability. To accomplish this it would be indispensable to operate a national office with appropriate authority, which could deal with the merits of this matter in a comprehensive manner.

"Budapest, 24 February 1990

"Participants at the Rehabilitation Conference

"The Association of Germans in Hungary"

### **Habsburg on Democracy, Legislative Structure, Office of President**

*25000733A Budapest MAGYAR NEMZET  
in Hungarian 19 May 90 p 3*

[Article by Otto von Habsburg, member of the European Parliament: "Timely Democracy"]

[Text] In Hungarian history 2 May 1990 represents resurrection, Easter. It was the resurrection of Hungary in the late 20th Century. This was the first time after decades of oppression that a freely elected parliament was convened.

Two factors provided much cause for hope at the organizational meeting. On the one hand, there was no hateful adversity as there usually is in the aftermath of violent revolutions. Transition was peaceful in our country; it manifested the ultimate success of the 1956 fight for freedom. Accordingly, it was appropriate that the first law passed by the new Parliament praised this earthshaking event. On the other hand, the will to make peace gained expression in the fact that all phases of recent history were able to be present in the Parliament Building. The presence of gray haired Bela Varga, president of the last freely elected Parliament, was best proof of that. One could see here, thank God, that Hungary

finds itself in a fortunate situation, that it is able to integrate its past. We realized that the whole of Hungarian history is ours, and this applies to both the sunny and the cloudy years. This is a strong starting point for the future.

I was able to be present at the opening session as a member of the European Parliament. It was encouraging that the many new representatives with whom I talked did not surrender themselves as much to the festive mood, but pondered instead what must be done now, at a time when a new constitution is needed. They sensed that they lacked practice. They frequently inquired from the one who had several years of parliamentary experience as to what his recommendations were regarding the future, what the mistakes are that we must not make, if we want a truly strong and modern democracy. Since I did not have a chance to respond to all—the joyful confusion was too great—allow me to describe a thought or two I have. The foundation for these thoughts is decades of work in the European Parliament, as well as the fact that, having lived in several countries, I was able to study the functioning of democracy in many places. In other words: I had an opportunity to live in democracies, while my compatriots who remained home suffered under an authoritarian system.

Democracies can be very different. In some places the difficulties are great, because they are adhering too strongly to the past; in other places democracy is modern and holds out much hope.

In my view, among the numerous constitutions, the one that prevails in the Fifth French Republic is the best. In those days it was said that De Gaulle tailored this form of government to his own person. But the events that took place after De Gaulle's resignation and death proved the opposite: That form of government appropriately meets the needs of our day and age. It stood fast better than other constitutions both during the Algerian crisis and on the occasion of the 1968 revolutionary events. This is because the Fifth Republic succeeded in restoring order in the country without a single shot during the stormy events of 1968, and without imprisoning the leaders of the revolution.

In starting out toward a new, democratic Hungarian system, keeping in mind the lessons learned from Europe, France, and the rest of the democracies, the first truly significant point to be recognized is that democracy does not consist of the mere fact that voting citizens go to the ballot box every four or five years and drop a piece of paper in the box, thus completing their job. A democracy functions well if citizens not only elect their representatives, but help representatives in their work. I am able to state this based on my own experience: Since I maintained very intensive relations with my Bavarian electors, they brought matters to my attention which I could never have discovered myself. One must not deal with the large problems of the state alone, a representative should also attend to the problems of individuals. This is how we learn where to find those small problems which

affect simple people. Consequently, these matters are among the representative's top priority tasks.

In my view, establishing this direct relationship demands that representatives be elected in individual voting districts. Representatives voted into Parliament on a slate do not even know whom to thank for their mandates. This is particularly true if they ran on a national slate. I often heard, for example, my Spanish colleagues in the European Parliament complain that they were missing the close ties to their people. From this standpoint, today's French parliamentary system introduced by De Gaulle is the most successful in Europe. It does not exaggerate individual elections as the English system does, but it does not have the flaws of the system based on proportional representation and slates.

Another matter of importance to be observed is the fact that it has been proven everywhere that the unicameral system is bad. This also applies to the European Parliament. We must recognize the fact that from time to time every elected office makes the mistake of becoming demagogic. Decisions based on demagoguery instantly become final if there is only one house in Parliament. We have seen this also in the European Parliament. The huge advantage of having an upper house or a senate is that it provides time for the lower house to reconsider its decisions. Usually the weak points of decisions that were not thought through well become apparent after three or four months. This is why the British House of Lords, said to have no power and to be the fifth wheel on a carriage, is useful. It is unable to prevent the decision made by the lower house, but since it has the power to advise and to recommend changes, the law once adopted by the lower house returns once again to Parliament after it is examined by the upper house. By then the illusion of demagoguery has passed and there is time left to make improvements.

Accordingly, we will need a senate. There are various ways in which its composition can be established. The French Senate is elected on the basis of districts, the "departements," by mayors and former mayors, municipal counselors and former municipal counselors, representatives and former representatives. This system has worked quite well to this date. One could also perceive an upper house whose membership consists of representatives of nationalities and groups distinguished on the basis of languages; of delegates of large organizations such as the churches, the trade unions, and industrial and agricultural associations; and of outstanding personalities in cultural life who could be nominated by the academies. Irrespective of the system, the important matter is that there is a barrier to protect the citizens. An automobile with a huge engine but without brakes is life threatening.

The third major disputed issue in the field of constitutional law is the election of the president. There is a need for a president, because a collective presidium, such as the council of the European Community, is not at all a

satisfactory solution. It is questionable whether the president should be elected by Parliament or by the people. At De Gaulle's advice, in the Fifth Republic the Parliament, not the people, elect the president. This appeared to be truly beneficial indeed, because in reviewing the presidents of the Fifth Republic we find that all have performed their roles in a satisfactory manner and that they have been substantial personalities, irrespective of which trend they represented. On the other hand, upon reflection to the times when the president was elected by the Parliament, we find that the office of the head of state was expropriated by the parties, and in most instances this almost amounted to an appointment. As a result of this fact, the presidents were weak party politicians manipulated by professionals. Much too often they rendered the state ridiculous. Only seldom is it possible to find a truly good president on the basis of a decision reached by the parties, a decision far removed from the people.

Some people claim that it would be better if Parliament appointed the president because there were too many elections. In addition, they fear that if an election were to be announced, it would trigger a tough, futile election struggle. Facts and the experience of other countries contradict these fears. Presidential elections lead to debating the truly great problems of the nation; such debates are often of high standard, as in France. An opportunity is established to make personalities who are truly independent, and are outside of parties, available to the country.

Based on European experience, these facts should be considered when our everyday work begins, and when decisions must be reached concerning our constitution. It is only natural that today economic issues are in the forefront. One must not forget, however, that it is the political structure of a state that determines the greater outline of matters, and therefore it has a decisive influence on what takes place in the economy. It would be a great mistake to disregard the fact that it is politics that steers the ship, and that unfortunately, one must also count on destructive forces in this world. Whatever the economy builds with ten years of hard work can be destroyed by the political sphere in a matter of five minutes, by making the wrong decision. Accordingly, our economic future also depends on the kinds of political means we have, and the kinds of decisions we make.

Hungary has embarked on the road to freedom and democracy. This is consistent with our national tradition. In our history we find many a genius, and numerous statesmen. The ancient force has remained despite great bloodlettings. Accordingly, we hope that just as Easter, the day of resurrection, is followed by Pentecost, the holiday of the Holy Spirit, the workings of the new Parliament will establish a democracy of which future generations can be proud.



**MDF Representative Raffay Compromised by 1984 Letter***25000733B Budapest NEPSZABADSAG in Hungarian  
23 May 90 p 4*

[Article by H. L.: "Raffay and the Communists—What Did HOCIPO Have To Say?"]

[Text] At Monday's session of the parliamentary Committee on National Defense, Alliance of Free Democrats [SZDSZ] representative Imre Mecs questioned the feasibility of Hungarian Democratic Forum [MDF] representative Erno Raffay to hold any leadership post in the Ministry of Defense. Mecs was referring to a letter published in the 17 May issue of the comic paper HOCIPO. Raffay (an adjunct university [professor] and leader of the historical students' circle) wrote to the librarian of the specialized historical group on 23 November 1984 that the bulk of the material deposited in the specialized library of the scientific student circle "may exert a politically damaging effect upon part of the students," and that therefore students may read the material only upon Raffay's written approval. The letter names adjunct Dr. L. Karsai, who deposited "expressly anticommunist and anti-Soviet materials." Raffay requested that the library hold these documents in an entirely separate place, because "quite naturally, the lecturers must bear criminal (and naturally also moral) responsibility for them." At the conclusion of the letter Raffay informed the library that he would initiate police proceedings in the event that a student were to receive the materials of the scientific students' circle without his written permission.

In one of his television statements Raffay acknowledged the fact that, as he put it, "in his earlier life he made political mistakes," but he regarded publication of the letter and the criticism he received as "political provocation" which they want "to use against the MDF government."

"I will suffer the appropriate consequences." This is a standard phrase in parliamentary practice. It is used when important actors in political life come into absurd situations for one or another reason, when their position becomes indefensible, or, put plainly: when their work is rendered impossible, and they feel that they should resign. In the absence of parliamentary democracy there was no precedent for situations like this in recent decades. But we must become used to it.

It seems increasingly as if the representative slated for the No. 2 position in the Ministry of Defense is coming into a situation like this. The representative who in the first statement after his present election said that as a "historian" (i.e. not simply as a representative) he regards the total destruction of communism as his chief task. The representative who in those days wrote a letter which he, as a "historian," was not obligated to write, but which provides vivid proof of the fact that he is inclined to adapt himself to the party state.

Incidentally, he granted an interview to MAGYAR HIRLAP in regard to the letter in question. In it he provided the same clumsy defense for himself as he did on television.

One cannot have much confidence in a person who is involved in future national defense matters, who defends himself in such a clumsy manner, without credibility. Particularly not at a time when the change in government embodies a change in the system.

On occasions like this in parliamentary democracies one hears the sentence we quoted at the beginning of this article.

**New Politicians View Old Regime***25000733D Budapest MAGYARORSZAG in Hungarian  
11 May 90 pp 4-5*

[Interview with Istvan Bethlen, MDF [Hungarian Democratic Forum] economic adviser to the government; Pal Dragon, FKgP [Independent Smallholders, Agricultural Workers, and Citizens Party] member of the Parliamentary Committee on the Economy; and Imre Mecs, SZDSZ [Alliance of Free Democrats] National Assembly representative, by Pal Berko; place and date not given]

[Excerpts] [passage omitted]

[Bethlen] ... we must make an accurate, realistic assessment of the [economic] situation.

[Berko] What support did you receive in this regard from the Nemeth government?

[Bethlen] Miklos Nemeth has given all the help he could, insofar as preparedness to cooperate is concerned. I found that he has the intention of assisting all the parties elected by the Hungarian people to the new Parliament. Unfortunately, I cannot say the same about all the ministers. On occasion we did not receive important information from them, even though we asked pointed questions in regard to certain problems.

[Berko] Would you be more specific?

[Bethlen] Not too long ago we paid a visit to the finance minister and asked him whether he recognized certain matters within the Finance Ministry's scope of activities that would necessitate negotiations. The minister reassured us that there was no such concern. On the afternoon of that discussion word came from the Hungarian National Bank that the repayment of a \$100 million short-term debt was due immediately. The MDF organized a crisis management team. Using personal contacts, we got in touch with the banks involved within two or three days. In the course of these discussions—and I repeat, not as a result of intergovernmental relations, but on the basis of friendly and professional relations—we succeeded in dissipating doubts which arose in the financial world concerning Hungary's solvency and its intent to make payments. [passage omitted]

[Dragon] I do not agree with those who hold the Nemeth government fully responsible for the situation in which this country finds itself. This is absurd, because the Nemeth government had nothing to do with the \$21 billion state indebtedness; it inherited that debt, this situation, while the Nemeth government undeniably played a huge role in causing the change in regime to take place under peaceful circumstances in Hungary. Only the earlier regimes can be blamed for the deep moral, economic, and political crisis produced by the past 40 years. [passage omitted]

"We will be able to shake hands in a freely and democratically elected Parliament!" according to Imre Mecs last year, in reference to Hungarian Socialist Workers Party [MSZMP] reformers. We conversed with Mecs, the outstanding politician and National Assembly representative of the Alliance of Free Democrats (SZDSZ) during a recess.

[Berko] Did you already shake hands with representatives of the former reform wing of the MSZMP? In general, what relationship do you have with these politicians?

[Mecs] Of course I shook hands with them. I have very collegial, polite relationships with [Hungarian Socialist Party representatives] Gyula Horn, Miklos Nemeth, Rezso Nyers, and Imre Pozsgay. In regard to some of these we address each other on an informal basis. I think that I regard these persons as being real European socialists. It is their party that must become a truly European party, and must rid itself of the last remnants of party statehood. I believe that this symbolic shaking of hands is timely, and in essence we have begun doing so. The second day of August was the day when this occurred, because the House voted with two abstentions to approve the law remembering 1956 and declaring 23 October a holiday. According to this record, members of the Socialist Party [MSZP—Hungarian Socialist Party] did not vote against this measure, virtually all of them voted for it. This is what I regard as a symbolic handshake, but I am also willing to shake hands with any one of them personally, of course.

#### **Agriculture: Current Situation, Future Plans Discussed**

##### **Cooperatives Frustrate Smallholders Effort**

25000732C Budapest MAGYAR HIRLAP in Hungarian  
10 May 90 pp 1, 5

[Article by "(szep)" and commentary by Peter Czauner: "Quick Business Deals; Does the Land Belong to Whoever Buys It? It Swells as a Quiet Scandal"]

[Text]

#### **MAGYAR HIRLAP Information**

In recent times one has been hearing about voluntary land distribution actions and about the arbitrary sale of land. Frustration of restoring the 1947 ownership conditions as proclaimed in the Independent Smallholders Party [Independent Smallholders, Agricultural Workers, and Citizens Party—FKgP] program began at producer cooperatives in the middle of last year. With a two-thirds majority, cooperative members in many places voted to sell to themselves the land redeemed earlier from the common property, so that they need not return those lands to their original owners, i.e. to those who left the cooperatives and found jobs in industry.

According to information received by MAGYAR HIRLAP, in Hajdu-Bihar County, for instance, a hectare of land was sold for 20,000 forints, to be repaid by the buyer in five years. Despite the low amount, the only condition the cooperative established was that the new owner could not take his land away from the producer cooperative for a certain period of time.

The Ministry of Agriculture and Food prepared a report for the National Assembly concerning the places and the number of hectares of land sold by cooperatives and state farms since the beginning of the year. They stressed that the table they put together is probably incomplete, because several contracts were withheld by the cooperatives. The assessment was needed for representatives to amend the law so as to stop this process, and to void the already consummated contracts.

This cannot be accomplished in regard to land sold by state farms, because state farms were acting within the law in every instance. As the table shows, large plant land sales are far from large-scale sellouts. They are waiting, and meanwhile arguing over what will happen to those who worked there. For these reasons the National Association of State Farms developed several variations in which large plants could be privatized, but under every alternative they provide that those working at these plants at present must be considered as owners. They are concerned about major land distribution, about the breaking up of large plants, which, in their view, would destroy Hungarian agriculture.

At an FKgP press conference held yesterday in Parliament it was said that they had developed a three-point proposal for the protection of land property, forest, and grazing lands, and to halt the unfavorable trend that has evolved in agriculture and mainly in producer cooperatives. The proposal will be presented to the National Assembly after debate over the adopted agenda.

## Land Sales Between 1 January and 30 April 1990 (in hectares)

Counties	By Producer Cooperatives			By State Farms			Total		
	To Private Persons	To Legal Entities	Total	To Private Persons	To Legal Entities	Total	To Private Persons	To Legal Entities	Total
Baranya	2,915	23	2,938	0	0	0	2,915	23	2,938
Bacs-Kiskun	4,990	6	4,996	44	7	51	5,034	13	5,047
Bekes	1,718	7	1,725	15	3	18	1,733	10	1,743
Borsod-Abaúj-Zemplen	249	70	319	5	0	5	254	70	324
Csongrad	272	558	830	17	0	17	289	558	847
Fejér	2,202	10	2,212	8	8,178	8,186	2,210	8,188	10,396
Győr-Sopron	18	0	18	63	40	103	81	40	121
Hajdu-Bihar	4,787	0	4,787	0	0	0	4,787	0	4,787
Heves	6,986	14	7,000	0	0	0	6,986	14	7,000
Komárom-Esztergom	6	9	15	0	115	115	6	124	130
Nograd	59	0	59	0	0	0	59	0	59
Pest	815	45	860	2	127	129	817	172	989
Somogy	485	328	813	2	320	322	487	648	1,135
Szabolcs-Szatmár	4,479	9	4,488	1	47	48	4,480	56	4,536
Jász-Nagykun-Szolnok	90	41	131	6	5	11	96	46	142
Tolna	79	1	80	2	0	2	81	1	82
Vas	52	22	74	2	8	10	54	30	84
Veszprém	15	0	15	0	930	930	15	930	945
Zala	27	302	329	1	0	1	28	302	330
City of Budapest	7	16	23	0	11	11	7	27	34
Totals	30,251	1,461	31,712	168	9,791	9,959	30,419	11,252	41,671

## MAGYAR HIRLAP Commentary

For the time being there is a quiet scandal swelling about [reports] that the FKGP's proposed land law is being developed at the Land Survey and Mapping Office of the Ministry of Agriculture and Food. No one disputes the fact that in addition to proprietary reform, a new land law is also needed, one that is developed in the spirit of proprietary reform. On the other hand, many question the source of money needed for the practical implementation of land reform.

First the salaries of land office workers must be settled. On the average, those salaries amount to 5,000 forints per month. According to competent sources, some 250,000 million forints would be urgently needed, because people are leaving their workplaces already. A further 150 million forints per year for three years would be needed to exchange their decades old, more and more obsolete office machines. And this amount still does not include the introduction of computers which would require another 350 million forints.

In the old world the survey of an acre of land cost 30 pengos. Converted to present day prices using land as the

medium, and counting the land in hectares, the survey cost would amount to about 1,200 forints. One should note here that the earlier state land survey monopoly was discontinued a few months ago, moreover, price controls were removed.

At Lovopetri, where this year the Hungarian Democratic Forum [MDF] already celebrated land distribution, their expert mentioned 2,800 forints for the survey of each hectare, an amount underwritten by the party on behalf of the first owners. Considering the land area projected by the FKGP, and prices of about 1,000 forints, the survey would cost about 1.8 billion forints. Who should pay that money? The new (old) owner? The one who used the arable land thus far? The state? The FKGP? There is no answer to this question, just as there is no answer to the question of whether the new owner would still want to have his land if he had to pay for the survey. Land for which he might want to collect only a leasing fee from the person who continues to use that land. And as long as we are mentioning leasing fees, and if we consider land leasing fees that prevail in Austria, this would amount to roughly 40 billion forints, and this amount happens to be exactly the same as the amount of food

price increases this year. It is entirely indifferent what prompted the price increases early this year, only the aggregate amount of price increase is of interest. People living on wages and pensioners would be unable to pay these [food] prices if land leasing fees were built into [food] prices.

Irrespective of all this, there is a need for the settlement of land ownership and for the rehabilitation of the peasantry, as we have attested to several times already. But this should not be accomplished by dictation from the top, the way it has been for a long time.

### New Agriculture Minister Interviewed

25000732C Budapest NEPSZABADSAG in Hungarian  
4 May 90 p 7

[Interview with newly appointed Minister of Agriculture and Food, FKgP Chairman Ferenc Nagy, by Peter Szirmai; place and date not given: "If I were the Minister... We Will Not Permit Agriculture To Be Neglected"—first paragraph is NEPSZABADSAG introduction—interview took place prior to Nagy's appointment as minister]

[Text] The FKgP is the prospective candidate to hold the agricultural and food portfolio. But who within that party will be honored, who will occupy the velvet chair? We asked one of the potential nominees, Ferenc Nagy, chairman of the former producer cooperative at Kisharsany, what he would do if he became the minister.

[Nagy] The most important task is to put an end to the ultimate sellout of land, of agriculture. Pursuant to legal provisions still in force, producer cooperatives may make individual assignments in regard to half of their common property. In practice, however, this means that they are squandering these values. We are receiving alarming news from throughout the country about this exploitation. As if they would want to finish with all this prior to the passage of the law on autonomous government, so that the new leadership is confronted with an accomplished fact. Precisely for this reason we began work at the land offices, to account for the old owners. A legislative proposal to settle the issue of land ownership must be presented to Parliament as soon as possible, one that is part of the FKgP's virtually fully developed, comprehensive food economy program.

[Szirmai] How do you envision structural change in agriculture?

[Nagy] Structural change will not take place overnight, in my view. It will require several years of transition based on voluntary action. When I say voluntary, I mean primarily the evolution of private ventures. This process has begun already. Beyond dispute, it has been helped by the transformation of producer cooperatives. We are proclaiming equal opportunity for structural change in farming. This, however, represents an advantage to farmers by all means over the conditions that existed before, primarily in terms of the planned tax policies.

The agricultural/industrial parity must also be narrowed. The purpose of structural change is to achieve rapid market adaptation. We plan to accomplish this with education and incentives. Private production will play a serious role in this. Undoubtedly this will be a very difficult change; it must be based on a policy of taking small steps.

[Szirmai] Enterprising requires credit and machinery, but not for this much [as published].

[Nagy] We will also take action at the governmental level to instill in the minds of representatives the fact that the development of agriculture is in the national interest. Don't ask me now how much money this will cost. But it is worth taking a look at how our Western neighbors do these things. Several foreign banks, and even the International Monetary Fund, the government, and many institutions help privatization and entrepreneurship. We want something similar. It will depend, of course, on agreements reached with agricultural banks and with the leaders of the National Bank how the financial policies may be rendered "manageable." We would not want to see banks providing to institutions and enterprises the money which should be given in the form of quasi loans granted directly to farmers at a lower interest rate than at present.

[Szirmai] Foreign loans are coming already, moreover, they have been coming for a time. Are you taking a look at where these loans are going?

[Nagy] Yes, but this is not the only thing one has to examine. The laws will have retroactive effect. The selling out of land may create an obstacle in the settlement of ownership. For this reason we have asked business organizations not to implement changes which later on will make settlement more difficult, even if the laws permit such changes. There will be investigations in places where they did not pay attention to this, because injuries suffered by people must be remedied, economic relations must be settled.

[Szirmai] In Europe, where we belong, ministries much rather organize and provide services than direct. Would a smaller organization suffice for such purposes?

[Nagy] It would be irresponsible to respond to this off the top of my head. One must familiarize oneself with the organization in the ministry; we must examine who is loyal, and who are the committed members of the Hungarian Socialist Party [MSZP], and who will be able to identify with the new agricultural program.

[Szirmai] Accordingly, the staff will be reduced.

[Nagy] I believe so, if for no other reason, for purposes of thrift. But people in the government also think that there are too many offices in this small country. In my view, streamlining must begin at the top, not with the simple worker.

[Szirmai] Many of the former Ministry of Agriculture officials are organizing national enterprises. Does "streamlining" also apply to them?



[Nagy] We want to establish a new organization to represent the interests of the food economy, one which gradually preempts the monopolistic enterprises. I believe that the establishment of such giants may also be eliminated. Thus far the monopolistic organizations have been the necessary evils, if you will; in the plan-directed world they were between the producers and the consumers. We have in mind a production system, with processing and sales built on it, but on the basis of a producer interest. In the long term we expect this system to provide more money to the producer for his goods, nevertheless food will cost less for consumers. It is conceivable that along Western patterns agricultural commodity exchanges will come about.

[Szirmai] When it comes to decisionmaking, to what extent will a high ranking government official be independent from his party?

[Nagy] We want to implement the party's agricultural program. But we want to establish cooperation with every agricultural expert of each party, who want to support our program.

[Szirmai] We understand that the new Parliament will not have a committee on agriculture. Could it be that agriculture is being deemphasized?

[Nagy] Indeed there is no committee on agriculture, therefore we must endeavor to represent the ministry's interests more strongly within the committee on economic affairs. The Smallholders Party is oriented toward agriculture anyway, therefore we will not permit the neglect of agriculture.

#### **Agricultural Chamber Chairman Interviewed**

25000732C Budapest *MAGYAR NEMZET*  
in Hungarian 23 Apr 90 p 5

[Interview with Karoly Farkas, the president of Equality Producer Cooperative of Kup, and chairman of the Hungarian Agricultural Chamber, by V. F. J.; place and date not given: "Attacks Under Cross Fire"—first paragraph is *MAGYAR NEMZET* introduction]

[Text] Representation of agricultural interests is characterized by extremes. Initially the National Council of Producer Cooperatives [TOT] was the sole organization to represent agricultural interests. It soon turned out that it was unable to reconcile and jointly represent the peculiar interests, nevertheless, thanks to its political power, the TOT survived for two decades. As soon as it became possible, organizations wanting to represent the interests of agricultural producers were formed one after another. Last fall the Hungarian Agricultural Chamber was not the first organization to unfurl its banner.

#### **Free of Politics**

[V.F.J.] Not even producers are able to follow the programs of mushrooming associations and federations. By virtue of what, and to what extent is the Hungarian Agricultural Chamber different?

[Farkas] We find a definite difference in regard to two areas of endeavor. One is that the Hungarian Agricultural Chamber is an apolitical organization; Our projects and our decisions are guided solely by professional considerations. We start out from the real situation, from the necessity of developing a market economy. Accomplishing this presumes the identification and reconciliation of the rather diverse interests which particularly characterize the present situation, and the relaxation of tensions produced by the diversity of these interests in the framework of production and marketing processes. The Chamber may be the forum, the manager of these. If we "direct" these processes in a staid fashion, guided by professionally motivated arguments, we will arrive at a self-explanatory, natural practice in which the Chamber does not guard the interests of only one branch or sector of agriculture.

We regard as our other peculiar feature the fact that we not only examine and try to enforce producer interests, but want to place them in the framework of the entire Hungarian society and economy, and to thus achieve the best solutions, consistent with reality. The appropriateness of this perception is proven by today's practice. Our predecessors accomplished the removal of price controls from agricultural products. In and of itself this was an appropriate endeavor. Today, it seems, many things have reversed themselves, because prices which increased by almost one-third are holding back on consumer demand; food is accumulating in warehouses. This is harmful to production in the long term, by all means.

For this reason the Hungarian Agricultural Chamber endeavors to reach compromises in the messy texture of producer, processor, merchant, and consumer interests. One forum in which such compromises may be reached could be the Agricultural Interest Mediation Council established by the government, but the Chamber would play a definitive role in the operations of this Council. We would not like to appear immodest, but the existence of the Chamber is also warranted by the fact that in developed agricultural countries of the world this organization is regarded as the body that holds together agricultural interests.

#### **They Also Represent Small Producers**

[V.F.J.] You found your peculiar function, and it appears that you have considered plans for your operations. The question still remains of course: Will the producers appreciate this kind of difference?

[Farkas] The facts show that they do. The Chamber held its general organizational meeting on 29 October 1989. At that time representatives from 400 farms made decisions concerning the rules of operation. By mid-March—within three months—an agricultural chamber had been established in every county, and we count among our members a thousand persons with legal qualifications, and about 70,000 individual farmers and small producers. State farms, producer cooperatives,

food processing plants, educational and research institutions, banks, insurance companies, and organizations of small producers joined in. I feel that this horizon and membership size indicates that essentially we are no different from what the Hungarian agrarian society contemplates for the future.

[V.F.J.] Nevertheless, the Chamber is being attacked by many. At an MDF press conference—also reported by *MAGYAR NEMZET*—it was said that the Chamber is salvaging the functionaries of the party state, and that its operations are similar to the bureaucracy of bygone interest groups.

[Farkas] We are familiar with the attacks, and the most fierce attacks were not launched by the MDF. We did not react to most of them, because the Chamber was busy organizing its professional work, and has not been busy with politics during the past months. We had to build our organization quickly, so that it could be put to use in the interest of the membership. Our difficulties were increased by the fact that we did not receive state support for our organizational work; we worked without a staff in our spare time. We undertook this at the time when the TOT was the omnipotent representative of agrarian interests, and provided high ranking representation in the political power structure. Nevertheless, cooperative leaders dependent on the TOT still began to organize the Chamber, because they were dissatisfied with the enforcement of their interests; they wanted to organize representation along new paths, based on their own strength.

We were always aware of the fact that it is possible to build something in your spare time, but one cannot operate an organization in one's spare time. Three experts have been working in our national headquarters since April. They are recognized representatives of their profession, and they were appointed by the presidium. County managers were also elected by the membership, based on competition. In none of the cases could one regard this as salvaging, a term which has pejorative connotations in these days. Whoever interprets this as salvaging does not accept the professional knowledge that may be gathered in the course of decades, and denies the professional feascance of those who have worked in the past.

As far as bureaucracy is concerned, the Chamber also wants to maintain a small staff in the future. Decisions will not be made by managers, but by experts delegated by the members. We established legal, ecological, educational, and research collegiums; these expert bodies will develop background material upon which Chamber positions will be based. The attacks on the Chamber are particularly regrettable because they did not bother to personally obtain information—a matter for which we would have provided an opportunity in every instance. They expressed damning views on the basis of information obtained in the corridors.

### Professional Services

[V.F.J.] These are stormy times; they could not have spared the Chamber. But more important than this is the fact that as agriculture transforms, the individual farmers are also protected, because an increasing proportion of food production will depend on them. Is the Chamber going to provide this kind of representation?

[Farkas] We have perceptions developed by ourselves and jointly with others concerning the support of so-called medium-sized farms. What amounts to even more: We are already providing services to private producers; we are providing assistance in completing tax forms and obtaining loans, and we are providing professional advice. County chambers are prepared to fulfill virtually any request in lieu of annual membership dues ranging from 1,500 to 2,000 forints. These services are not provided as a matter of charity; we are providing them so that every producer may work toward a goal, professionally, with the maximum profit that can be achieved.

## POLAND

### Rural Solidarity Leader on Alternative Agricultural Policy, Sector Woes

90EP0578A Warsaw *PRAWO I ZYCIE* in Polish  
No 16, 21 Apr 90 p 6

[Interview with Senator Gabriel Janowski, chairman, Rural Solidarity, by Wieslaw Luka; place and date not given: "Why This Pouting?"]

[Text] [Luka] Senator, you have repeatedly said, "I am a black sheep in the salons of Warsaw."

[Janowski] Perhaps this was said too forcefully.

[Luka] Why too forcefully? This is very picturesque and your rural voters from Repka Gmina [township] near Sokolow Podlaski liked it very much. You spoke to the people who had voted for you in June 1989, and I had listened to their comments during that meeting. They view you as a defender of the peasants' interests, but at the same time they are dubious about the extent of your clout.

[Janowski] I resist any pressure, from any direction whatsoever, and not everyone likes that, and that is why I am being called a black sheep.

[Luka] Could this be a conspiracy of the new "nomenklatura" which is sometimes said to have arisen?

[Janowski] I would not put it this way. Still, I think that the current Administration definitely does not show sufficient understanding of farming problems. As late as last year, toward the end of December, representatives of our Rural Solidarity met with the Premier. We had conferred for 4 and ½ hours.

[Luka] Mr. Senator, in brief, what was the main thesis with which you appeared at the Office of the Council of Ministers?

[Janowski] We told the Premier and his advisers that agriculture requires special treatment, State intervention, support in the form of farm subsidies, an appropriate tax policy, etc. We fear a decline in food output, with all the consequences this entails. We already are seeing what is happening in animal husbandry. The livestock population is dwindling, and sows and heifers are being sold.

[Luka] At the meeting in Repki peasants reported that they were bringing farrowing sows and calving cows to the procurement stations. This is barbarism.

[Janowski] We are not being threatened by famine. Agriculture will not collapse. But it will become still more backward. Forecasts indicate that during the coming spring-summer period the consumption of crop chemicals will decline by 50 percent, and of fertilizers by 30 percent, compared with the preceding years, even though we already are lagging far behind the decent, European level in this field.

I do not think that the government appreciates the gravity of the situation. We do want to give a chance to the economic program of the Mazowiecki Administration, even though we do not entirely agree with the philosophy behind the Balcerowicz Plan. Throttling the inflation should not take precedence over the life of the entire economy, and of agriculture in particular.

[Luka] Agreed. But will the peasant fully understand that at present we all must bear the burden of the crisis, not only owing to the suppression of inflation but also owing to the growing recession? We all are becoming more destitute. But this has to be. For this is the real situation of the state and the economy. We have to endure it unless we want to continue to live on illusions nourished by printing worthless currency.

[Janowski] Please understand that the peasants are not chiefly concerned about the decline in their own living standards; they can see that these standards also are declining among town dwellers. What chiefly concerns them is halting the deterioration of their working conditions, because then everyone would be a loser.

[Luka] It seems that the ministers of state are listening to these "peasant lamentations," because the government is deciding on a form of subsidies for the production of fertilizers and crop chemicals. Above all, credit is becoming cheaper with every month.

[Janowski] But it still is too high. Did you know that the highly developed agriculture in Austria owes the bank more than its own aggregate worth? A similar situation exists in all the Western countries. As for our farmers, rather than to pay Draconian interest rates, they have repaid their bank loans. They owe nothing. Let us hope that they will again avail themselves of bank loans.

[Luka] I was told that Rural Solidarity is offering an alternative program for reviving the economy.

[Janowski] I repeat that we support the Deputy Premier's [Balcerowicz's] plan for slashing the inflationary spiral. But we are disturbed by the absence of a second part of that plan. Even now discussion should be commenced about proposals for stimulating an economic boom and about a strategy of national development.

[Luka] What are you proposing?

[Janowski] Economic experts of Rural Solidarity have drafted basic assumptions for an alternative program with respect to macroeconomics and agricultural policy. Its principal premise is to stimulate production. Since the economy at present lacks any considerable source of outside capital, it should be stimulated chiefly by enhancing the utilization of domestic productive capacities. This has been done in the economies of Japan and four other countries of the Far East, with the results being known to the entire world. As for the details of our plan, we shall discuss them after it is published.

[Luka] While in Repki you accused the current government of being too inflexible.

[Janowski] Last January and February I complained to Minister Marcin Swiecicki about the mountains of butter piling up in refrigerated warehouses. Why such huge inventories? They should be exported. In Europe the prices paid for butter are quite good: US\$1,700 per metric ton. I do not know why the government has delayed rescinding the export prohibition until mid-March. Western business caught on to the "Polish butter disaster" and immediately reduced to US\$1,300, and even to below US\$1,000, the price it is offering per ton of butter. This also applies to potatoes: last fall and at present the government has not been energetic enough in promoting their exports and processing.

[Luka] Mr. Senator, do you remember the loud claim made by one of the discussants at the Repki Firehouse, "Not even under the Reds has the peasant felt as scared as at present"?

[Janowski] The reasons for the fears vary. A major reason is that we still cannot adapt to the new situation in which really so much depends on us ourselves. We still retain some of the mentality of the not so distant "good times" when we used to say that we here below all know perfectly well just what should be done but those at the "top" are not allowing us to do things our way; "they" should. We remember this argument. Well now, those "good times" are over, properly speaking, and now we are beginning to be at fault.

[Luka] At fault for what?

[Janowski] Please consider that the recent struggle against the nomenklatura rooted in, among other places, the administration of gmina cooperatives, branch cooperatives, and cooperative agricultural circles, has been relatively unsuccessful. Properly speaking, it was a

disaster. Of the 2,000 formerly appointed governing boards of cooperatives only a very few could be replaced during the last electoral campaign. Solidarity and citizens' committee members failed to eliminate these nomenklatura administrators. Recently I talked with the Italian and British ministers of agriculture. They were offering aid only to those cooperatives whose governing boards were nomenklatura-free. I told my visitors that last summer it was easier to replace the premier than it is now to replace the heads of gmina cooperatives. So many Western delegations with offers of and proposals for capital investment have visited us, but many of these offers could not materialize, because we are insufficiently prepared for handling them.

[Luka] Indeed, recently the Polish-American press, for example, raised the alarm concerning this issue. We are not prepared to receive assistance. We lack trained personnel and effective programs for the utilization of hundreds of millions of dollars. What we know rather is that we should not drown them in "the Polish bottomless well." Unfortunately, at present we do not know much more than that. We lack instructions on how to respond to the coming elections to local governments. One farmer said that these elections represent a great unknown to farmers.

[Janowski] Competent individuals are scarce at all levels. The new deputy minister of internal affairs recently complained because he was supposed to immediately appoint deputy chiefs of voivodship and district offices of internal affairs, but he lacked suitable candidates. In a couple of weeks he will need candidates for the posts of heads of the reformed police. Where will he find them?

[Luka] Peasants in Rzeszow and Szczecin voivodships are blocking roads and demanding, among other things, the dismissal of the minister of agriculture.

[Janowski] That is like a vote of no confidence.

[Luka] Why?

[Janowski] As we already mentioned, a clear agricultural policy showing that the government is the master of the situation is lacking. Premier Mazowiecki promised to receive a delegation of Rural Solidarity in the very near future. There will be plenty to talk about.

[Luka] You will be again told that the countryside has it good like never before and so those "peasant lamentations" are uncalled for.

[Janowski] You know, I heard something similar during discussions at the OKP [Citizens Parliamentary Club]. My fellow deputies and senators think that, instead of making demands, peasants should get working.

[Luka] Still, it seems that the peasant lobby is quite strong in both chambers of the parliament.

[Janowski] There is no such lobby. In reality we have not been able to form a strong pressure group. Our interpellations are being ignored and heard impatiently.

[Luka] Why?

[Janowski] Because the other members of the parliament are unfamiliar with the countryside and do not understand it.

[Luka] There are rumors of quarrels between you as a senator and at the same time chairman of Rural Solidarity and another senator who is the head of one of the PSLs [Polish Peasant parties]. I refer to Jozef Slisz. There also are rumors of spats between the various PSLs. Schisms, protests, pouting at each other. Are not you afraid that, as a result, the peasant movement might forfeit some great opportunity? That it will again hear the song, "Clodhopper, you lost the golden horn"? [An allusion to Wyspianski's play "Wedding," in which a peasant lad is given a golden horn at the sound of which a momentous event will occur, but the lad returns empty-handed, having lost the golden horn; a symbolic reference to the inertia of the peasantry.]

[Janowski] This approach does not suit me. I am doing my job. We are building a strong Rural Solidarity. And this may not be to the liking of many people.

[Luka] How strong?

[Janowski] Strong in unity and independence. Strong in being aware of its goals. We operate in every voivodship and in nearly all the gminas.

[Luka] You sound so self-assured that your being called a "black sheep" is not surprising.

[Janowski] I am not complaining, but I am not panicking either. I am not claiming that the Mazowiecki Administration is the last-chance government. It is a first-chance government.

#### **KPN Reactivates Pilsudski's Paramilitary Club "Strzelecki"**

90EP0582A Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 20, 20 May 90 p 9

[Article by Piotr Pytlakowski: "The Riflemen March" subtitled 'May Coup d'Etat Plans Denied']

[Text] The headquarters is located at the corner of Nowy Swiat and Smolna in Warsaw, in the same building that houses the offices of the Confederation for an Independent Poland [KPN] and, a floor above, the Rural Youth Union. To the right of the entrance the Riflemen hold their musters.

As Colonel Stanislaw Dronicz (until 1981 an officer in the People's Polish Army and subsequently linked to the opposition) stated in a kind of program declaration that the Rifle Club is to provide an "alternative for young

people who avoid drugs and other forms of physical addiction and who are sensitive to the evil reigning in Poland."

The re-establishment of the Rifle Club took place on 6 August last year at Wawel Castle. At that time a mass, attended by young instructors, graduates of special courses given by the Riflemen's Association, war veterans, former Legionnaires, and lastly members of the original Rifle Club, was said for the fatherland. It was there and then, at the tomb of Marshal Pilsudski that the symbolic transfer of the "Maciejowka" [a soft, visored hat that used to be worn by Pilsudski] took place.

It is worth recalling that the Rifle Club was formed in Galicia in 1910. Rifle teams existed in every area of Poland, whether under German or under Austrian or under Russian occupation. The Rifle Club was a paramilitary organization devoted to achieving Poland's independence. Its commander in chief was Jozef Pilsudski and its leaders included Sosnkowski, Rydz-Smigly, and Sikorski.

The present-day Rifle Club was re-established on the initiative of the Confederation for an Independent Poland. The times are new, so to speak, and therefore the Rifle Club must operate in a new manner. The leaders of the organization claim that, although it is structured in a military manner, it "lacks paramilitary subtexts." Col. Dronicz notes that he will not teach anyone his specialty, that is, the art of the sapper, and he even is desisting from giving lessons in marksmanship.

The march of the Riflemen began in the country's south. Teams were formed in Krakow, Tarnow, and Lublin, and also in Upper Silesia. Recently, Warsaw joined in. Early in May a muster of Warsaw Riflemen took place on Nowy Swiat Street.

"The Rifle Club has always been linked with Commandant Pilsudski personally," Col. Dronicz told those present. "Please note that Commander in Chief of the Rifle Club Leszek Moczulski is with us today."

Commandant Moczulski gave a brief speech. He said that the Riflemen are to help in regaining Poland's independence. "Not everyone must be interested in politics. A genuine army needs genuine leaders. The Rifle Club will be one of the forges of genuine leaders. You are potential leaders." The commandant looked at the audience.

The potential leaders, ranging from 16 (by eye) to 60, attentively listened to the speakers. For it ensued that, once an independent Poland is reborn, that independence will have to be maintained at any price. This task will fall on the shoulders of the Riflemen. At the same time, as the commandant declared, they will have to shoulder utilitarian but no less lofty duties. They will safeguard peace and security under the circumstances of a political struggle. This concerns ordinary, physical street actions. For the Riflemen are a peace force assuring the security of peaceful actions. Their most

immediate task is to safeguard the security of the celebrations of the 55th anniversary of the Marshal's death.

A question from the audience: "What is the attitude of the Ministry of National Defense, the WSW [Internal Military Service], and Mr. Kiszczak personally toward the Rifle Club?"

"My impression is that they are not enthused about it," answered Leszek Moczulski. "The Committee for National Defense is apprehensive that the Club is planning a May coup d'etat [by analogy with Pilsudski's coup in May 1926]. They asked for a clarification, and I responded that the Rifle Club is not planning any such coup in May 1990."

The economic aspect is important. Where will the money come from? They asked the Committee for National Defense for assistance, because, like any other peaceful organization, they have needs. They need immediately tents, vehicles, uniforms, equipment, field kitchens, training areas, and instructors. The Committee promised to consider the matter.

As for uniforms, nowadays as the 20th century is nearing its end, "the Rifleman's gray outfit" does not attract young people. So every team can choose its own uniform. It is of no importance whether it will be an Eisenhower jacket, a camouflage jacket, or a cape.

Question from the audience: "Do the Riflemen belong to the KPN and are they supposed to protect spectacles organized by the KPN?"

"The Riflemen are above the parties. They are apolitical. They were established on the initiative of the KPN, but they exist for Poland's independence, not for the KPN. The Rifle Club is a school of leaders. It is to associate people who know how to give and execute orders. Whoever has no talent for leadership has no place in the Club."

Leszek Moczulski, who is both the chairman of the KPN and the commandant of the Rifle Club, shared with the audience his impressions of London, where he had stayed for 10 days to hold talks with the emigre government. Ryszard Kaczorowski, the president of that government, asked Commander Moczulski to convey to the Riflemen his best wishes. And that government's minister for military affairs even promised assistance, although they themselves are very poor.

At that moment Col. Dronicz took the floor: "Ideology is not our business. We shall not try to make a religious convert out of anyone, so in this respect one can feel safe. We merely acknowledge the moral principles of the Catholic Church. We lean on tradition, but we also are creating something new. Once we get organized, we shall defend ourselves in an organized manner."

Question from the audience: "I am disappointed. So we won't even learn how to shoot?"



"There will be firing-range exercises," the commandant explained.

The context implies that the Rifle Club is to be a continuation of scouting, as well as a school of character where men's rules of the game apply. Col. Dronicz emphasized that the statute contains a provision which distinguishes the Rifle Club from communist organizations. A Rifleman has the right to disobey an order if he feels it to be immoral.

In the future, it is planned, the Rifle Club will be a source of personnel for the officer corps of the Polish Army. They must be morally pure, uncontaminated by ideology, and professionally trained. And although the Rifle Club is not a paramilitary organization, its structure is military. A squad consists of 10 persons. Three squads form a platoon, three platoons a company, and three companies a battalion. The whole is directed by the Headquarters.

"We are not a terrorist group," Col. Dronicz said. "We are not a school of murder. Our aim is to educate people in the spirit of comradeship, in the patriotic spirit. We desire to participate in the adult world in an organized manner, and that is why the training is conducted by officers, not by dilettantes."

As the convocation ended, the question of the Rifleman's outfit was again raised. What should be their headwear?

"Perhaps a cap, or a beret," said the commander.

"The 'Maciejowka,' period," the colonel cut short the discussion.

### **"Reborn" Polish Socialist Party Enters Political Scene**

90EP0558B Warsaw TRYBUNA in Polish  
4 May 90 p 2

[Statement given by Edward Osobka-Morawski, chairman of the Reborn PPS, to Włodzimierz Syzdek: "Panorama of the Left: A Reborn PPS Returns to the Scene"]

[Text]

During the past few days the doors to the residence of Edward Osobka-Morawski in Warsaw's Mokotow district have almost never been closed. Edward Osobka-Morawski is the chairman of the Reborn PPS [Polish Socialist Party] Provisional Central Executive Committee, and his residence is the committee headquarters. The following is a reply to the recently published public announcement that the party is being rebuilt.

People are interested in the program of the Reborn PPS, in the make-up of its leadership and in the possibility of forming circles throughout Poland.

"Our party has existed continuously since 27 July 1944," says Edward Osobka-Morawski. Since the Unification Congress, we have operated in a vestigial, limited form in the second (illegal) cycle. At that time PPS members excluded from the unified party were found among us. The last PZPR congress could have been an opportunity for an honest accounting with the past. I proposed an amicable divorce of the marriage of convenience and the reorganization of two strong parties. They could have cooperated with each other even in one building, built mainly by pooling joint contributions. But that did not happen, and so we embarked upon rebuilding our own party, this time on a legal footing."

Some of those who have joined the party are: Stanislaw Szwalbe, Stefan Cendrowski, Jan Brzezinski, Krystyna Strusinska from Warsaw, Poznan scholar Prof. Maciej Lawniczak, Wilhelmina Matuszewska, Feliks Baranowski, Henryk Uptass from Slupsk, Andrzej Wachowicz from Wroclaw, Leszek Slawinski from Bialystok and Maria and Alfred Jarecki from Gdynia. The young generation is represented by Longin Wachowicz from Wroclaw and his son Andrzej and grandson Henryk, an eminent PPS activist.

The program is supposed to encourage participation in party activity. It is associated with a tradition that harks back to the beginnings of the PPS in 1892, the resolutions of the prewar Radom party congress and the postwar congresses in Warsaw and in Wroclaw. Obviously, this is not a direct association because we had to exclude entries which are now anachronistic such as a foreign trade monopoly and the nationalization of the private property of municipal real estate. Moreover, the program transcends the framework of the early resolutions of the highest party bodies. Activists of the Reborn PPS today favor a government organized in free, democratic elections and pluralism in political life. In the economic sphere they proclaim themselves to be adherents of the equal development of the four sectors: state, communal, cooperative and private. The Reborn PPS also supports the trade movement, and Solidarity in particular. In the opinion of the program's authors, along with the territorial self-government, an authentic cooperative movement can play an important role in the development of a citizens' society.

In Bialystok, the party publication NAPRZOD will soon begin to appear, and a circle of 50 persons directed by former PPS members is active. Organizations are developing in Lodz, Wroclaw, Olsztyn, Krakow and in Slask Cieszynski. At the popular Olkusk enameling plant, a circle made up of workers is active. It is a similar situation in industrial plants in Konskie and in the Kielce area. There are opportunities for winning over a larger group of workers from the Poznan Cegielski Plant, where PPS influence has been traditionally strong, for the party program.

The Reborn PPS declares that it is open to other parties with a similar program. Contact with the RP [Polish Republic] Social Democratic Party and the Polish Social

Democratic Union is not out of the question. The establishment of dialog with other PPS members is also essential. The plane of such a dialog may be a roundtable proposed by Prof. Andrzej Nowicki, with participation by the representatives of all the parties which bear this name today. "Perhaps as a result of the talks we shall succeed in creating one strong party: the PPS unmodified by any qualifiers," dreams the chairman. [Box p. 2]

Anyone interested in making contact with the provisional leadership of the Reborn PPS may direct letters or telephone calls to Edward Osobka-Morawski. The address is 2 Falata Street, apt 43, Warsaw 02-534, telephone 49-02-35.

### **Agrarian Leaders React to "Party Unification"**

90EP0558A Warsaw *RZECZPOSPOLITA* in Polish  
8 May 90 p 3

[Article by Bogumil Luft: "There Are Still Many PSL Members"]

[Text] "For the immediate future, we have not set ourselves the goal of unification," the president of PSL [Polish Peasant Party] Solidarity, Joseph Slisz, stated to *RZECZPOSPOLITA* on Monday, in response to Saturday's reply of Roman Bartoszcze to the effect that it would only be a matter of weeks until there was a unification of all the currents of the people's movement. Slisz thus refuted the view that representatives of some kind of PSL-S [Solidarity] structures had participated in Saturday's congress, and he asserted that the program of the congress would determine any possible cooperation by his group in what emerged from the congress. "Our road to the PSL is different for we emanate from the Solidarity current," he stated. He added, however, that Bartoszcze also comes from that same current.

Joseph Slisz states that the PSL-S is "pro-government, as it were," although in the future it would like to see the deputy premier for the minister of agriculture rank as an equal partner to the deputy premier for the minister of finance. With pride he displays the results of a poll which preceded the self-government elections in which his party is far ahead of other PSL parties. To date, PSL-S circles and gmina boards exist in 15 voivodships and merely provisional voivodship boards exist in 34 voivodships. He is not certain with whom they will attend the parliamentary elections—perhaps they will attend within the framework of a broader centrist formation. Being in the PSL, they would have to select a rural, peasant direction.

On Monday afternoon in the building on Grzybowska Street complete anarchy reigned. Everyone noticed that Olesiak had still not shown up and no one knew when Bartoszcze would put in an appearance. Meanwhile, in the two tiny rooms occupied by the secretariat of the former(?) PSL in the SGGW [Main School of Rural Economy] building, things were buzzing like a beehive. Henryk Bak, former(?) deputy chairman, informs that only 32 members of the Supreme Council participated

out of a total of 75 and he states that there is such a breakdown in voivodship organizations all over Poland that "the only voivodships in which no one has refrained from uniting with the PSL-O [Polish Peasant Party "Rebirth"] are those in which the PSL previously did not exist at all. Former PSL spokesman Mieczyslaw Poniatowski compares the actions of the unification supporters to the "violent political opposition waged in 1947 by Wycech's group" and he asserts that activists faithful to the Mikolajczyk tradition will not halt their activism under their own banner, rejecting any connection with the "ZSL nomenklatura." According to Bak, "the difference between them and us relates not only to the past—we do not desire the fall of Mazowiecki's government, for like PSL Solidarity we emanate from the independence current which won the present changes."

They want a phased rapprochement with the PSL-S. Jozef Slisz is likewise open to this and says that a future unification is possible. In the opinion of Tadeusz Kaszubski, chairman of the PSL Deputies Club, which rejected unification and excluded three of its spokesmen from its own body, if this happened, the name PSL, "which is already somewhat besmirched," and will now cause confusion in rural areas, could be dropped. On the other hand, Kaszubski is amused to think of the commotion the name of his four-member club causes for the 70 or so deputies of the united PSL in light of the fact that according to the code of regulations, there cannot be two clubs with the same name.

### **POLITYKA Weekly News Roundup**

90EP0570A Warsaw *POLITYKA* in Polish No 20,  
19 May 90 p 2

[Excerpts]

#### **National News**

[passage omitted] Students in the Independent Association of Students staged a protest action. They demanded increased participation by students in the electoral collegiums at universities and opposed the proposed regulations concerning tuition for studies not completed on time. After a meeting with Minister H. Samsonowicz a compromise was reached. [passage omitted]

The deputy clubs of the Polish Peasant Party "Rebirth" and the Polish Peasant Party have combined, and Deputy Jozef Zych, previously leader of the club of the Polish Peasant Party "Rebirth," was elected chairman. The new club has 81 members, including S. Majdanski who transferred from the Citizens' Parliamentary Club and is president of the Polish Peasant Party in Zamosc Voivodship. Two senators, Stanislaw Chrobak and Henryk Stoklosa, are members of the Polish Peasant Party.

The presidential try-outs are continuing. Leszek Moczulski, head of the Confederation for an Independent Poland, during an interview with *ZWIAZKOWIEC*:

"The only candidate at present is Lech Walesa. And since the most important thing for us is the interest of the state, we support him, in spite of the fact that Walesa's position may be in conflict with that of the Confederation for an Independent Poland. Walesa, however, could be a president only until free elections are held, until this fall or spring. During the election, we will present our own candidacy. I do not hide the fact that I could be the candidate." [passage omitted]

Fares for trains and inter-city buses will increase by an average of 100 percent on 1 June 1990. (Fares for travel to summer camps will be charged at the current rates.) The new rate for reserved seats will be 3,600 zloty and the same charge will apply for a ticket issued by the conductor.

In Bytom, 218 arrestees began a hunger strike. They are demanding changes in the criminal code, verification of sentences, announcement of a new amnesty, and talks with representatives of the Citizens' Parliamentary Club, Solidarity, and the Senate commission. P. Moczydlowski, head of prisons, declared that he will start no talks with the protestors and that he will not permit the unionists or parliamentarians to negotiate with them.

Jerzy Stepień, the general election commissioner, has paid a visit to Primate Józef Glemp. He thanked Glemp for the bishops' and priests' cooperation with the local election commissions.

The Śląsk Polytechnic has asked the ministry leadership to confirm the decision to remove the name of Wincenty Pstrowski from its official name. He was a miner and the first outstanding worker.

After the names of streets and squares and even of two city districts were changed by the Ślusk city council, the local craftsmen and owners of private businesses went to court seeking damages for the losses caused by the changes (stamps, forms, printed advertisements).

*In the press.* The monthly ZYJMY DLUZEJ, which has been taken over by RES PUBLICA, has returned to life. The previous publisher, the State Medical Publishing House, was not able to continue publication. However, according to a report in ZYCIE WARSZAWY, except for the Sunday magazine edition to be sold as a supplement to EUROPA, a paper beginning publication, SZTANDAR MŁODYCH will cease publication.

TRYBUNA reports on the basis of OPZZ calculations that the social minimum for January and May 1990 for a worker family of two was 354,400 zloty and 455,500 zloty. For a family of four, it was 354,400 zloty and 324,400 zloty. For a retiree family of two, it was 289,600 and 380,400 zloty. The average wage in the five sectors of the national economy in January 1990 was 611,700 zloty and in March 713,900 zloty; the average retirement

and workers' pension in January was 325,435 zloty, and these benefits averaged 452,281 zloty over the first quarter.

CZASOPIS is the title of "a news and cultural publication for the Eastern Białystok region." The publication is to be edited "in principle in Polish," but in the first trial issue, it reports the formation of a new party in Białystok: the Byelorussian Democratic Union.

*Who's Who News.* Henryk Kupiszewski (age 63), professor of law at the Warsaw Academy of Catholic Theology, has been named ambassador to the Vatican. [passage omitted]

### Opinions

*Col. Zbigniew Kuczyński, head of the Voivodship Inspectorate for Civil Defense in Katowice:*

(Interviewed by Marek Chyliński, DZIENNIK ZACHODNI 19 April 1990)

[Question] Please betray the percentage of residents of the Katowice Voivodship that have a chance of finding shelter in case of a disaster.

[Answer] Exactly, 4.5 percent, that is no more than 200,000 people will find a place in the existing shelters.

[Question] For many individuals that information will be a shock. Each of us thinks, supposes, that in an extraordinary situation an officer or state official will appear and lead us to a "guarded reserve."

[Answer] Yes, such a conviction remains. In the 1960's and earlier, housing construction (the Koszutka housing development in Katowice!) was required to have a shelter. Later the use of such requirements practically ceased, and only the legal regulation of 1984 created a new framework for special construction.

*Prof. Dr. Andrzej Stelmachowski, Senate Marshal:*

(Interviewed by H. Sroczyński, GŁOS PORANNY 2 May 1990)

[Question] What do you think of the proposal to hold the election for the Sejm and Senate earlier?

[Answer] It is absolutely essential! Why? Because the Sejm was drawn up for the needs of the moment at the end of the roundtable. Meanwhile, the course of events has gone further; the roundtable has passed; in particular, one of the previous partners at that table has disappeared—the PZPR. Just that fact makes the charge that the Sejm is unrepresentative justified. As regards the Senate, it was elected on a wave of social demonstration. The 99 percent of the votes won by Solidarity also does not reflect the real situation. In a word, both chambers do not completely reflect the political forces existing in Poland. In the one chamber, they are tilted in one direction; in the other, in the other direction. And precisely for this reason, I think earlier elections are justified.



*Andrzej Micewski, historian and Catholic journalist:*

(Interviewed by Dariusz Szymczycha, TRYBUNA 2-3 May 1990)

[Question] Who should reside in the Belweder: a populist or an intellectual?

[Answer] The issue is not whether the president seeks support in the broad masses or cares more for the intellectuals. The public whose support is sought is of secondary importance. Most important are the political qualifications, the discernment, and the moral stature of the president.

[Question] Do you think Wojciech Jaruzelski has these characteristics?

[Answer] Obviously, the president has his position, but Wojciech Jaruzelski himself announced that he does not intend to finish his term in office. He did that based on his understanding of the political situation and because of his sense of his moral responsibility.

*Stefan Kisielewski, journalist:*

(Interviewed by Piotr Gabryel, WPROST 13 May 1990)

[Question] The marks of Mazowiecki's ministers and of the entire government, even of Solidarity, which created the government are systematically falling. What will happen to the myth of Solidarity when the cabinet falls?

[Answer] The myth of Solidarity will also fall. In reality, it is already falling because Solidarity is refusing responsibility for the actions which it took. It named the government, and now not wanting to be a political party, it declares itself a trade union which can at any moment withdraw support for "its" cabinet, escaping with its own behind. Further, Walesa himself is preparing for the retreat; he wants to move to the Belweder, and to cease leading the union. . . .

[Question] What then will happen to Solidarity?

[Answer] Solidarity is, unfortunately, a leftover from communism. It has served admirably in the area of political change, but it also has a communist burden in economics. And it cannot be otherwise, since it wants to represent the entire working class.

## YUGOSLAVIA

### Continuing Concern of Jews Over Anti-Semitism in Croatia

90BA0142A Zagreb DANAS in Serbo-Croatian  
22 May 90 p 54

[Article by Ljubo Weiss: "Old Disease in New Times"]

[Text] Four young Jews from Zagreb, who participated a few weeks ago in the "March of the Living" from Auschwitz to Birkenau, witnessed unbelievable events. While 3,500 Jews from all over the world were marching

along in mute silence along the five kilometer long road, casual bypassers, Poles, looked at them indifferently or even scornfully, calling out, "Jews, Jews! You're here again! Do you have dollars, gold...?" There was no lack of an uproar over that "Zionist parade"; people even spat and threw cigarette butts. A single old man stood when the column came up, took off his hat, and sympathized with the participants in the march. The former camp inmates, the children of camp inmates, and Jews who had only heard about Auschwitz, were shocked! Only a man who is indescribably thirsty knows what water means, those young people said; and a person only knows what anti-Semitism means when he feels it directed against himself!

Anti-Semitism is a phenomenon usually defined as a hostile attitude, feeling, or conduct toward Jewish and other Semitic peoples. Anti-Semitism is indisputably one of the extreme forms of racial chauvinism and xenophobia which have been espoused or encouraged by regressive political and ideological forces. As a negative social phenomenon, it has its roots in several fundamental factors. Often mentioned is the accusation that the Jews murdered Jesus Christ, which, although it is no longer present in the Vatican's view of church history (the decisions of the Second Vatican Council and the encyclical "Nostra Aetate"), still stimulates anti-Jewish prejudices. Among some believers, they turn into a long-term hostile attitude toward Jews and Jewry.

The existence of the Jewish diasporas, in which Jews appear as the most mobile ethnic elements in contact with other peoples and their cultures, and where, as strangers and newcomers, they experience marked xenophobia, is also a factor that partly explains anti-Semitism. One should also add here that Jews, like many closed social and religious communities, may also be a cause of anti-Semitism. By being closed, they avert assimilation, the fear of dissolution, schism, and heresy. By insisting on maintaining tradition, often by coercion, by emphasizing their differences with respect to their environment, and also by reducing their contacts with it, they have aroused the distrust and intolerance of their environment.

Directed by the will of many rulers and the force of their laws into specific occupations (trade, banking, and medicine), and prohibited from owning land, in some places Jews attained a privileged position in the social structure of society, which caused antipathy, animosity, and hostile feelings among their debtors and the "broad national strata."

In the past and today, the phenomenon of the "sacrificial lamb" and the "scapegoat" has helped many political rulers to keep themselves in power by redirecting the more or less justified anger and dissatisfaction of the "humiliated and insulted" against the Jews. The "Protocols of the Elders of Zion," a 1903 forgery by the Russian czarist police, are considered the manifesto of anti-Semitism, and have constituted a framework for anti-Semitic propaganda up until the present day. Anti-Semitism assumed its most terrible forms and scope in

Nazi doctrine, policy, and practice. The purpose of the Nazi anti-Semitic policy was the complete physical annihilation of the Jewish people in Germany and other countries that they managed to conquer. The defeated Nazi and fascist forces, in the form of neo-Nazi activities, however, diminished the tragedy of the Jewish people (the Holocaust or Shoah), by reducing the total number of victims or denying the racist basis and the bestiality of the "final solution to the Jewish question." The founding of the state of Israel and a certain anti-Israeli attitude on the part of political structures and in some cases public opinion also encouraged incidents of anti-Semitism.

The situation in Yugoslavia in connection with anti-Semitism would require more lengthy explanation. It is known, however, that the communists were suspicious of "Zionist elements," and that after 1945 anti-Semitism was latent and endemic. Fortunately, anti-Semitism was never an official state policy after World War II, and the Jewish community in Yugoslavia lived for decades in favorable conditions, developing cultural, social, educational, and other activities. The intensification of the socioeconomic crisis in Yugoslavia, however, has opened up the "Jewish question," almost equally in Slovenia, Serbia, and Croatia. The misuse of the Star of David at Cankar House in Ljubljana, the appearance of a pirated edition of the "Protocols of the Elders of Zion" in Belgrade, the publication of this notorious forgery without appropriate reservations in the Ljubljana TRIBUNA, parts of the book "BESPUCE" [Wilderness] by Dr. Franjo Tudjman and MATICA HRVATSKE, the interview with Prof. Ivo Omrcanin, a former emissary of the Independent State of Croatia in Berlin, in Split's SLOBODNI TJEDNIK, and the excessively strong words uttered during the election campaign in Croatia by Dr. Djodan and Dr. Tudjman are only a few of the details that no longer constitute a series of accidental excesses, but rather a phenomenon that has disturbed the Jews of Yugoslavia. The specific exploitation of the Serbian-Jewish Friendship Society in Belgrade shows how pro-Semitism can easily be reflected as its opposite, an unpleasant phenomenon for Jews. "Love me, but do not hug me too hard," proverbially cautious Jews would say.

When it was expected that the public and citizens would speak out democratically on the "Jewish question" within the framework of the democratic changes in Yugoslavia, this was absent, for the most part. In the absence of universal tolerance, especially toward those who are different and think differently, under the conditions of low political culture there has also been a lack of support for the insulted Jews. The problem is not that anti-Semitism is also occurring in our country, because it obviously exists everywhere in the world and is equally distributed among all social strata, among different occupations and social groups. The fundamental question, however, is what attitude we should take toward it and what can be done to reduce it.

Legal sanctions in their present sense (banning the publication of newspapers and books, etc.) should be used only in the most drastic cases of the spreading of racial and religious hatred. A court fine and a word condemning anti-Semitic phenomena by prominent figures like Koca Popovic, Zarko Puhovski, Vesna Pusic, Slavena Letica, a word of comfort and encouragement from Predrag Matvejevic, Andjelko Runjic, Tomislav Djordjevic, and the reasonable positions of the Chapter House and other religious communities are a bulwark against the further development of anti-Semitism in our country. Jews in Yugoslavia, as it was concluded at a conference in Belgrade in March 1990 called "Yugoslav Jews in the 1990's," are ready to point out anti-Semitic phenomena in an organized manner, and competent, nonsensationalistic articles on the causes, consequences, and effective ways of curbing anti-Semitic phenomena and beliefs are some of the possible ways of treating this old disease, which is unfortunately occurring in new times and conditions. As the French would say these days, "It is up to the police to prevent, to the Church to preach, to the teachers to educate, and everything else is up to politics!"

#### **Speculation on Role of New Croatian Premier**

90BA0139B Zagreb DANAS in Serbo-Croatian  
15 May 90 pp 20-21

[Article by Mladen Maloca: "Tudjman's Joker"]

[Text] When following the Croatian Democratic Community's [HDZ] march to a triumph in the elections, some people were already beginning to count the days left to Dr. Stipe Suvar as a member of the SFRY Presidency, a new Stipe began to mount the Croatian political stage. This is Stjepan Mesic, elected to the Croatian parliament and future Croatian prime minister, whom his fellow Slavonians call Stipe.

Mesic thus continues a series of Croatian Stipes, but in this particular case he is also the political continuation of a generation which has had a very different political career and destiny. Mesic is the same age as Dr. Stipe Suvar (he was born in 1934 in Slavenska Orahovica), they were fellow students at the School of Law of Zagreb University, and they lived in the same dormitory.... In 1971, Stjepan Mesic, they say, was the successful president of the opstina in his own Orahovica, while Stipe Suvar was a political opponent of the leadership in power at the time, with clear signs that he could become a part of a future leadership. The outcome of that situation split Croatia once again into two irreconcilable political fronts, stamping the lives and political futures of Dr. Stipe Suvar and Stjepan Mesic. Young, ambitious, and intelligent, Suvar used criticism of nationalism as the springboard which catapulted him into what seemed to be the perpetual comfort of leadership positions, while his contemporary (Stipe Mesic: "I could say that we were even friends. In 1971, he stopped speaking to me, and I later learned from others that he had been asking what happened to me.") shared the fate of many who because

of their political convictions were accused of nationalism, and he spent in Stara Gradiska 12 of the 26 months to which he was sentenced. The "Orahovica case," which was well-known at the time, stood in the background of his conviction.

Mesic, that is, had found that the references which military administrative authorities wrote for soldiers of Croatian nationality from that district were frequently forgeries in which Ustasha leanings, nationalism, and the like were attributed to young men or their families. Nor was Mesic satisfied with the ethnic composition of the Orahovica administration and police at the time. The finger he pointed at these things later became a model of charges with a political basis because of ethnic division. In the actual trial, he was charged with having said on some occasion "let the devil himself warm his hands at our fire, just so the fire does not go out," and then that he had asserted that "the Croats arrived at the Adriatic with a sword in their hands, and others came there through our goodness or innocence." There was also a third charge that Mesic had said that "Croats can be proud that Rolovic was murdered." When we asked him about that, Mesic explained to us that it was proven in the court that he had not uttered that last sentence as stated, but had said that "it was a fact that Croats had fired on Ambassador Rolovic, but that that was not in the interest of the Croatian people and it was yet to be seen who was behind that murder." We have not checked it out, but Mesic says that they were unable to convict him of any one of these charges, and so they therefore took all three together and sentenced him to strict imprisonment on that basis. Following prison, it was the usual situation: What now, and how to go on? He moved from Orahovica to Zagreb, he somehow found a job for his wife, and he looked for work for two years. "Without a job, with two small children, I was on the edge of survival." By contrast with many of his friends in the party, Mesic says that he harbors neither anger nor a desire for revenge because of all he went through. "That was a time which should be forgotten, although the reprisals against many of us because of 1971 was fierce. We were not tried by the courts, but by the Central Committee, the charges were not prosecuted by the prosecutors, but by the political leadership! But revanchism was the wrong road. I took the greatest solace in knowing that there are mirrors and that all those who persecuted us had to look in the mirror every morning. I left them to their consciences.... The mirror and democracy are my revenge for it all!"

Although Mesic did not say so, it might be said that the result of the elections just held is in fact a kind of revenge and retribution for everything that occurred in the seventies. Perhaps this has settled political accounts, but the public is still entertaining the question of whether the victors in 1990 will be more farsighted than those in 1971. Viewed from our present vantage point, it might be said that the political leadership at that time reacted shortsightedly and unthinkingly, forgetting certain historical experiences, including even their own. Convinced

of the immortality of the system which they had built and of the untouchability of their own political position, they dealt with the invasion of nationalism according to the classical model of communist parties. Appeals for humanity and the admonition that the judgments should be *ad rem* rather than *ad hominem* remained a voice crying in the wilderness, since the orthodox-minded were certain that exclusion from public and political life was the right therapy, one whose beneficial effect could be hastened even more by prison treatment of the most obstinate. It is no wonder, then, that the biographies of today's winners inevitably recall those from after the war. Instead of those who have the commemorative medal from 1941 striding onto the scene, we have those who served back in 1971; as one disinterested observer has remarked, one generation that went to prison has replaced another one. Precisely this similarity "with its predecessors" is arousing in many people anxiety and fear of revanchism, especially since the leaders of the HDZ today bear the stamp and the experience of "party bigotry" from the party's leader himself on down.

Stjepan Mesic himself has a model biography of a socialist youth; in it, one reads that he took part in voluntary labor projects (deputy commander of a brigade), that he was a student activist, that he was a member of the League of Communists for all of 17 years.

There are those who are inclined to draw from these facts the conclusion that even the last elections were actually elections between present and past Communists, just as superficial analyses of the seventies see a conflict between dogmatic and reformist forces in the party. There is no doubt that this was in fact part of the truth about 1971, but it is also a fact that in those years, thanks to the method of retribution, the League of Communists lost many of its reform-minded sympathizers, thereby diverting water to the streambed of the opposition forces in whose current the anticommunist wave became ever more recognizable.

It is difficult to say today whether it will inundate everything leftwing and communist or one day its creators will also meet their end. But if Dr. Stipe Suvar and Stjepan Mesic symbolically represent the different destinies of a generation that grew up together in the same lap of the mother party, then the future prime minister ought to draw sound lessons about what ought not to be done if he wants to reform this political space of Croatia in an authentically democratic spirit. (In this connection, it is certainly important to mention that Dr. Stipe Suvar is being taken in this parallel only as the metaphor of a particular idea which he advocated, but for whose destiny he bears only his own part of the responsibility.)

Those who have known Mesic up close for a long time say that he knows how to adopt the right attitude toward all the challenges that the new government will confront him with. In the party tectonics, he could represent a moderate line, at least as he represents the goals and policy he favors, which can again be related to the fact that his political origin in large part goes back to that

ideological and political current represented in these elections by the People's Compact Coalition. Mesic in fact makes no secret of his personal relations with the leaders of the Coalition. He says that he has been friends with Tripalo, Savka, Haramija, and others just as he has been with Tudjman. These are, he says, drawing the distinction between personal relations; in politics, we had different options and assessments. He believes that after the catharsis of the election there will be a calming down in which all that is capable and intelligent should be rallied just in order to overcome the difficulties which are weighing us down.

Nevertheless, after all that was said in certain meetings of the HDZ by people who represent themselves as leaders of the party, there is good reason to be fearful about how possible the line of moderation Mesic advocates will be. How can one speak about rallying all the competent and professionally expert people in the name of the common prosperity of all citizens in Croatia, when certain of his comrades in the party are strutting at rallies "with a Croatian machine gun on their shoulder," while they are threatening people who do not think like they do that they will "flee and not stop all the way to Canada," while they are whipping up feelings against the Communists ("the Red dragon is down on the ground, now its head has to be crushed"), while those most zealous operatives are going into enterprises and institutions with lists of those who are undesirable and unwanted?

Mesic admits that there have been situations that went too far in the rallies, but he says that they were attended by a large number of completely anonymous people about whom no one has spoken, but whose thinking has left a splendid impression. "Everything cannot be viewed through the division into hawks and doves. There are realities in politics, and anyone who does not know of them and acknowledge them cannot make productive decisions," Mesic says. In the election campaign, the Croatian Democratic Community made big promises, and "it is my role," Mesic says, "to turn those promises into reality as the prime minister. One does not live on promises, and that is why we must rally everything that is capable and intelligent so that we can achieve prosperity and a life worthy of a human being. We are not asking for five years, but give us at least 100 days to prepare and get organized." The future prime minister is convinced that he has the key in his hands and will know how to open the magic door of the "better future" to which his political predecessors were also so ready to pledge themselves.

Those who know him well say of Mesic that he is a realist, a pragmatist, not a visionary, that he has managerial talent and organizational abilities.

Those are probably the qualities which led Dr. Franjo Tudjman, the party's leader, to choose Mesic, although certain other party leaders have been far more vocal on the Croatian political scene in past days. But there is an immense difference between the uproar of an election and the organizing and wielding of power, and the

"tough general" was probably aware of that. The great election triumph has opened up to Tudjman the gates of power he so longed for. But after that triumph he must prove in practice every day whether he actually was advocating democracy or prefers authoritarianism, whether he really favors political competition among parties or a political monopoly. Some of his statements made since the election indicate that political triumph is giving way to political rationalism, although we should not naively anticipate that the experienced, crafty, and undoubtedly able (some of his political opponents seem to have neglected these qualities in Tudjman) leader and announced president of Croatia or, as he likes to be called, the Croatian president, will depart from the policy outlined by even a step.

In that kind of Croatian situation, of which even in the HDZ itself they say that it is neither simple nor easy to resolve, Mesic is probably one of those people who could remove the shadow which his hawks have cast on Tudjman's policy. So, is this Slavonian with origins in Lika becoming Tudjman's joker in seeking that European and world option which is called the 21st century? We will be waiting those 100 days. The prime minister himself did not ask for more.

#### Church 'Pleased' With Croatian, Slovene Elections

90BA0139A Zagreb DANAS in Serbo-Croatian  
15 May 90 pp 18-19

[Article by Marinko Culic: "Blessed Elections"]

[Text] At the height of the election campaign, Jozef Skoljc, leader of Slovenian Liberals, sent Archbishop of Ljubljana Alojz Sustar an open letter in which he warned him that the church was becoming a battleground of competition among political parties, i.e., that activists of Demos were distributing election leaflets to believers and doing so with the tacit or explicit consent of the priests. MLADINA tracked this down and learned of several Slovenian parishes where such things were happening (Rakek, Cerknica, Recica, Artica...), and it even reported that Vilko Sulin, parish priest in Bizelj, had even personally distributed election posters of this coalition, which is now in power, from the sacristy of the church. Following the trail of these few examples, the "bad boy" of Slovenian journalism asks "Is the church returning to power?" and this question is answered for the newspaper by the archbishop of Ljubljana in a brief interview. The conference of Slovenian bishops, he said, has clearly said that the church is not backing any political party, but that some are "closer than others" in their programs and other respects. As for the election leaflets in the church, no permission was sought or obtained from the conference of bishops or the archbishop for that, and Sustar's opinion is that this should not be given excessive importance, since it has no bearing on the elections as things look now.



Nevertheless, following Demos' great triumph, closer attention was paid to the last round of the elections in Croatia, where a bit earlier Cardinal Kuharic had made the sparks fly with his "telegram of greetings" to the Assembly of the HDZ [Croatian Democratic Community], and then an attempt was made to reveal the supposed brotherhood between the top leadership of the Croatian Church and the "most Croatian" party in two other cases. In one, it was again done by a denial in GLAS KONCILA that the cardinal had greeted the head of the HDZ in a public place and had thus broken the silence imposed by the elections. In the second case, the Catholic weekly itself published an article and photograph about Tudjman's visit to the church in Bistrica, captioning the picture with text bursting with satisfaction, but also a message that could be read in many ways. "Believers have been watching with interest as those who were convinced communists kneel to the cross and kiss it"—it reads. Surely, these lines were read with mixed feelings in the leadership of the HDZ; Tudjman's very visit to the best-known shrine to the Virgin Mary and the publicity given to this by GLAS KONCILA demonstrated once and for all that the two sides were showing growing interest in one another. Yet the fact that everything was happening during the elections aroused curiosity as to whether some more intimate relationship had actually been established between them, which might serve as an explanation of the unanticipated triumphal victory of the "Community supporters." The Belgrade press has already spun many tales about this, and although some of them, as we shall see, go over the edge of common sense, the question is a logical one and demands a reasonable answer. After all, if today the HDZ represents the most numerous group of like-minded people in Croatia, it is also natural to expect that its ranks would be formed not only by individuals, but also by sizable groups, among which the largest is made up of Catholic believers. The only question now is whether someone in the church "induced" them to join the "Community people," and second, what is the meaning of the "rightward" swing of so many people?

### In the Face of Logic

Even the most careful coverage of the Catholic press and public statements by church leaders in Croatia during the months before the elections did not record a single gesture accessible to the public by which the church signaled to believers that they should vote for the HDZ. What is more, at the time of the HDZ's greatest rise GLAS KONCILA issued an almost strange warning about the danger of "excessive nationalism"; and the selection of possible favorite political parties was vaguely included in a longer list of parties the newspaper presented before the elections (HSLs [Croatian Social Liberal Alliance], HDZ, HDS [Croatian Democratic Party], HSS [Croatian Peasant Party], HKDS [Croatian Christian Democratic Party], HMP [Croatian Peacemaking Movement], and SDSH [Croatian Social Democratic Party]). To be sure, even then there were reports that many priests in "the field" were sympathetic toward

Tudjman's party, and some of them even became directly involved in the party affairs of the HDZ (Bakovic, Duka...). But the impression is strong that the main body of the top clergy and church "intelligentsia" was more inclined to the "soft" variations in the Croatian political spectrum. Thus, four prestigious Catholic theologians from Zagreb and Split allowed their names to be published on the list supporting the National Compact Coalition, and at the same time a fifth wrote in his column in the Christian family magazine KANI that on the eve of the elections people were asking themselves fearfully "whether from now on we would have to prove that we are tried and true Croats, just as up to now we have had to provide assurances that we are not nationalists." It turned out that the first four favored the "wrong" slate, while the fifth wrongly assessed the mood of the voters. Only under the effect of the shock caused by the first reports from the polling places did the first confused reassessment begin of the Croatian election pulse and Tudjman's unanticipated charisma. It is part of the record that in its first issue after the first round of the elections GLAS KONCILA published three articles interpreting the events in the boiling pot of the Croatian elections in an utterly controversial way. In the first, the editorial writer appealed for reason against "everything which in this context might be called 'revanchism'" and against the demand for proof of "new 'moral and political fitness.'" The second, which was a letter from a reader in Zagreb, even spoke very harshly about the inappropriate parallels drawn between Tudjman and the Messiah, which the reader referred to as unprecedented "blasphemy." But in the third article the newspaper's chief editor unexpectedly denied that he had allowed himself to be nominated on the slate of the Coalition and said that he hoped to take part in the elections in spite of a conflict (trip to the United States)—"I would indeed participate, and not only with just my one vote." For whom he would have voted, one can only guess.

Taking up none of these nuances, the Belgrade newspapers pursued one and the same line both before and after the elections—stringing together new and old accusations against the Catholic Church and GLAS KONCILA to the effect that they backed the election campaign of the HDZ and that without them Tudjman would not have achieved what he did. What is more, the top leadership of the church and the cardinal personally are accused of having played the role of a Trojan horse in shaping the final outcome of the elections, which presumably was meant to suggest that someone had "captured" Croatia and that that someone must now anticipate the punishment he deserves. That impression is strengthened even more by the accusations of the Catholic Church, severe even for the Belgrade press, because of the views which it holds about Kosovo, accompanied by the almost cracked observation that this is like "stabbing Croatian Catholics in the back." Along with that there is the belligerent suspicion that Pope John Paul II is behind an organized anti-Serb plot being cooked up in the country and contemplated outside its borders. Wojtyla is accused of nothing less than rapidly

shaping the bigotry of Wojtyla Catholicism following the bigotries "of the Hapsburgs, Hitler, Mussolini, Stalin, and others." In merciless warfare with logic, the author of this assertion forgets that during the war Wojtyla was a proven opponent of the Nazis and during the entire time since the war he was a persistent, virtually obsessed opponent of Stalinism as the most pronounced form of "godless communism." But it is a particular curiosity that that sentence was written in a piece that supposedly was examining seriously the possibilities for the pope's visit to Yugoslavia, but the article is dominated by a warning to both him and those who are inviting him that the visit is possible only if the bishop of Rome pays his respects to the ghosts of the victims at Jasenovac. It has never been clear why the pope would have to go to Jasenovac—unless he himself seeks it out of piety toward the victims there—as though the Catholic Church or he personally were to blame for the suffering at Jasenovac. Now the lack of clarity is even less clear: What would the point be of the pope going to Jasenovac when those who want to see him there consider him a follower of "Hitler and Mussolini"?

#### The Bishop's Instruction

Enveloped in the topic of the Croatian elections, the story about the pope and others is aimed at proving that the Vatican and the Croatian Catholic Church jointly "prepared Croats for Tudjman's arrival." It is obvious, however, that if anyone prepared anyone for anything, then this has been done most effectively by precisely such articles, which have left the church very little room for "manipulation." At the same time, the Slovene segment of the Catholic episcopate seems to have shown more readiness to dip its hands in day-to-day politics, which has never turned out to be good either for society or for the church, even though such a "sacred" goal as removing the Communists from power is involved. On the eve of the elections, the Slovenian Conference of Bishops issued to ordinary believers an instruction which will surely be given an enviable place in the annals of the first free elections among our neighbors across the Sotla. "In these elections," the message of the Slovenian bishop stated, "we are not only deciding our future, but also expressing our attitude toward the past. Should we choose the government we have had up to now, many will take this as our concurrence with the system we have had up to now. But if we cannot be satisfied with the past, if we desire fundamental changes and a different development strategy for our homeland, we will choose partners and people who up to now have made the greatest contribution to those changes." What does this mean? According to certain analysts of church events in Croatia, that statement need not be interpreted as discouraging believers to vote for the Communists, as the first sentence suggests, since there is also the second sentence, which by contrast can be read as recognition to the Slovenian "Reds" for setting in motion the democratic flywheel which did in fact result in the first multiparty elections. Zvonimir "Bono" Sagi thus writes that the Slovenian bishops were paying homage here to

the party that ruled until yesterday in line with the conviction that their deeds must be evaluated by the changes being carried out. "The objection that they are doing this because they have to does not mean anything much. All reforms always occur out of necessity. It is a great thing when someone realizes the situation and peacefully steps down from power, placing himself in equal competition with others and supporting the changes," he feels. In Slovenia itself, however, that instruction from the bishops evoked much harsher comments warning that the church has thereby passed through the toll booth of direct political involvement and openly became entangled in the course of the Slovenian elections. Even Primoz Heinz, an extremely liberal activist of the Slovenian Socialists, well-known because for years he stupefied his colleagues in the SAWPY [Socialist Alliance of Working People of Yugoslavia] with his views on church matters, is now markedly critical. Heinz recalls that it was just some 10 years ago that Metropolitan of Ljubljana Pogacnik acknowledged that the Roman Catholic Church had in the past had a habit of meddling unnecessarily in political matters. Now after the most recent "unpleasant surprise" from the Slovenian Conference of Bishops, it will perhaps take another 10 years for things to return to their right places and for the church to return to the correct position toward political involvement. MLADINA, which carried this statement of Heinz', speculates that it was backed up by the "wholesome forces" among the Slovenian bishops, led by Dr. Anton Stres, a professor at the School of Theology of Ljubljana University, who was once known as a democrat and wrote about Hegel's and Marx's idea of freedom, and who now performs the duty of unofficial "church ideologue." According to MLADINA, Stres is in fact the author of the instruction in question, while Archbishop Sustar, who signed the statement, knew of it only after it was published, since in the meantime he had been in Greece.

#### Dangerous Conclusion

The history of the church's involvement in the elections in Croatia, by contrast, is less exciting and we would say is better characterized by a confused keeping up with events which surprise even older hands at politics, so that it is no wonder that this should have happened to the church. The end of the "confused phase" came, it seems, only when it became clear that the "former convinced Communist" who genuflected in the church in Bistrica was none other than the probable future president of the Croatian state, which is to say sometime between the first and second rounds of the elections. During that period, GLAS KONCILA continued to publish articles without commitment to a party, but also several articles which even without that commitment suggested a closeness to some of the views of the party which is now in power. Also indicative in this regard is the seemingly trivial remark in the next to the last issue of the newspaper in which a "village priest" comments on the historical place of the Independent State of Croatia, which, of course, is not the first time, but is now

being repeated in a noticeable effort on the part of the editors to take a position toward Tudjman's well-known thesis about "expression of the historical aspirations" of the Croatian people. Don Jure assured one of the Americans he talked with that the fact that the Independent State of Croatia was established with the help of the Germans and Italians has only relative importance, since immediately thereafter the same thing occurred, only this time the attempt was made "with the help of the Communist Party and the Soviet Union." "Historical aspirations," then, were present in both cases, and the deduction was equally (il)legitimate. A simple, but dangerous conclusion. In the same article, Don Jure also started a discussion about worldwide echoes of current Croatian events and against the background of another quite recognizable thesis he writes about the "poisonous lies" which foreign newspapers are spreading about Croats. The "village priest" is ashamed that Catholics do not do their best to prevent "others from slandering the homeland," which is probably the most xenophobic sentence written in recent years in GLAS KONCILA, which at this point should explain whether it remains an ardent advocate of world standards in matters of politics and human freedoms. In an editorial in that same issue, the paper even enters into a fierce debate with the YPA [Yugoslav People's Army], defending yet another topical thesis—republic armies—rejecting the threats from the Army that "republicanization" of the Army could not be carried out without "unforeseen consequences for the country." The newspaper rightly writes that these are matters which concern the sovereignty of the people, and so it is only the people who can make a decision on this. But this is immediately followed by the assertion that the Army is thereby overstepping its authority, although it is obvious that GLAS KONCILA is taking a position in advance on issues which are in the jurisdiction of the

people and its political representatives. Which do not include either the Army or the church.

The movement of the church closer to the party in power continued in the last issue of this Catholic weekly, which comments on the final outcome of the elections as the expression of the will of the people who "voted for democracy," and the church "cannot conceal its enthusiasm," although it still is responsible for the "task of the critical conscience of society." If the reasons for this are sought apart from the end result of the elections, they certainly lie in the promises made by the HDZ—rehabilitation of Stepinac, the visit of the pope, greater opportunity for religious instruction—on behalf of which the church has always been readiest to build and break "alliances" with political parties. There is no doubt that the timing of these promises would later have an effect on the outcome of the elections. But the legendary ability of the Communists to be late in everything, including this, and then to correct matters with ridiculous solicitation (the offer to repair the cathedral) undoubtedly also had an influence on that outcome from the other direction. However, if we look at things from close up, it is not difficult to suppose that some of the present promises to the church could become a burden for those making them (religious instruction in public schools is today an anachronism, and the same can be said for a complete, not merely judicial, rehabilitation of Stepinac). From this standpoint, the future position of the Communists and the rest of the opposition need not seem tragic. What is more, its expectation of the baptism by fire of the new party in power could bring it more fruit than it has been able to gather itself up to now. As Dragan Veselinov said the other day, if the Communists are smart, they will never take power again. They will remain in the opposition, at which they have always been better.

## HUNGARY

### Nation Still Deemed Creditworthy by Foreign Lenders

90CH0153A Budapest VILAG in Hungarian 3 Apr 90  
p 32

[Article by I.Sz.: "We Still Have Credit; 'The New Government's Chances Are Not Bad'"—first paragraph is VILAG introduction]

[Text] Last Friday, the European Community and Hungary signed an 850-million-ECU [European currency unit] credit agreement. We are still considered a good debtor with whom it is worth doing credit business.

When someone has no problem making payments, no one ever asks him how much he owes. So it is not by accident that, for example, Denmark and other developed countries—all of whom are faced with huge loans to repay—are not written about daily; after all, they are never late meeting their loan obligations, and their balance of payments is always properly maintained.

Our country has also been making every effort to fully satisfy the first condition. We have done so, however, at enormous cost: Of the total of \$3.3 billion extended to us in new loans in 1989, 2 billion have had to be diverted toward servicing outstanding loans. As far as the Western banks are concerned, we are still considered an excellent client to deal with. As we know, however, despite our impeccable payment record last year, our country's good credit reputation in the international financial circles was shaken after our current balance of payments showed a \$1.4 billion deficit, i.e., a shortfall three times the amount originally anticipated. This must never be allowed to happen again, the experts warn. On the other hand, the new government's chances are not bad. Back in mid-March, the International Monetary Fund had approved a \$206 million preparedness loan for Hungary which has reinforced the Western banks' faith in Hungary. And last week, we were told by the president of the Hungarian National Bank [MNB], Ferenc Bartha, that the balance of payments deficit, which after the first two months of last year had stood at \$360 million, has now dropped to only 27 million. If the new government is able to skillfully continue its current debt-repayment policy, it will be able to manage the crisis.

As we continue the search for solutions to free ourselves of our \$20 billion debt, we must never relent in our resolve not to take on new debts in order to pay off old ones, or to reschedule existing obligations, the president stated. Should Hungary try to pay off some of its obligations by replacing one debt with another, for example, this would also lead to a decline in the value of its so-called national stocks on the international market; hence overall, we could only lose on such a deal.

At the National Bank, however, they have refused to even estimate when our tide of debts might reach its ebb. Whatever our current balances may show, it would take

incredible courage to use that data to predict what our year-end balance will be in 1991, 1992, or thereafter. The central bank, incidentally, has denied speculations that the conversion of Soviet ruble assets into dollars has already begun to affect Hungary's hard currency balance of payments.

Since, according to the agreement, the conversion will not take effect until 1991, and the Soviets will not transfer the funds to the MNB's account until then, for now it is still only a bookkeeping entry, which does not help the Hungarian economy.

The MNB has often been accused of exacerbating our debt obligations by maintaining a homogeneous currency structure, i.e., by taking out most of our loans in Deutsche marks or yen and thus making us susceptible to potentially huge losses that might result from fluctuating exchange rates. The fact, however—as we have been told at the MNB—is that one can only borrow from countries that have a budgetary surplus. And obviously the FRG and Japan will use their own currencies to extend credit. There are various exchange rate insurance programs, however, that can minimize any losses caused by fluctuating exchange rates. Moreover, last year we were able to receive significant sums of credit in dollars and ECU's which will somewhat alleviate the existing disproportion.

The prevailing perceptions on which our debt policy and repayment practices are based, however, could be changed even without resorting to rescheduling or similar drastic measures. After all, our commercial banks are ready to jump at the opportunity to apply for dollar credit independently. However, even though the National Bank's monopoly on foreign currency has begun to erode, and the commercial banks have already received some foreign currency licenses, so far no one has been able to guess when the decentralization process will be completed. Recently there have been many rumors about Western banks of international reputation preparing to form partnerships with certain Hungarian commercial banks. According to supporters of the idea, they may be allowed to gain control over as much as 20-30 percent of the banks' stocks. This would, within just a short period—even within a year—drastically improve the expertise of our banking specialists and strengthen our infrastructure. It would also eliminate one of the main arguments for maintaining centralized control over all credits....

There are also experts who, while recognizing that the creditworthiness of a country rests primarily on economic foundations, contend that one of the Nemeth government's most crucial shortcomings has been its inability to skillfully manage the country's debt obligations in the foreign policy sphere, i.e., its failure in the course of its negotiations with the West during this past year, to arrange for some of those debts to be written off. The new government, in their view, will also be faced with a dual task: to manage our debts through policies that blend economic as well as political elements. This,



they say, it can now begin to do from a relatively favorable position.

**Main Items Comprising the \$3.3 Billion of Hard Currency Loans Assumed in 1989**

Creditor	Amount of Loan
World Bank Projects (such as industrial restructuring, transportation, mass-communications, agricultural development)	\$250 million
Trade Financing Loans Extended by Foreign Banks and Financial Institutions	\$350 million
International Monetary Fund	\$60 million
Korea Exchange Bank	\$135 million
Deutsche Bank	\$150 million
Daiwa Securities	160 billion yen
Bayerische Vereinsbank	200 million D-mark
Deutsche Genossenschaftsbank	200 million D-mark
Eximbank (Japan)	8 billion yen
Girozentrale	203 million D-mark
Osterreichische Landesbank	1.5 billion Austrian schillings
Kreditbank, Luxemburg	75 million ECU's
Westdeutsche Landesbank	200 million D-mark
Deutsche Bank Luxemburg	500 million D-mark

**Trade Representative to Bonn on Present, Future Relations**

25000732G Budapest NEPSZABADSAG in Hungarian  
2 May 90 p 15

[Interview with Miklos Kozma, commercial chief counsel at Cologne, by NEPSZABADSAG Bonn reporter Sandor Gyori; date and place not given: "A Qualitative Change Is Taking Shape"—first paragraph is NEPSZABADSAG introduction]

[Text] Traditionally, the Federal Republic of Germany has been our most important Western business partner. The way our relations with the FRG evolve exerts a fundamental effect on our economic development as a whole. What are the momentary characteristics of cooperation, and what are the expectations? Our Bonn reporter discussed this matter with Commercial Chief Counselor Miklos Kozma, head of the commercial delegation in Cologne.

[Gyori] What characterizes bilateral cooperation during the complicated months of transition?

[Kozma] In 1989, Hungarian-West German relations expanded rather significantly, and this process continued unbroken during the first quarter of this year. During the first three months of 1990 Hungarian exports increased by 45 percent, while imports increased by only 35 percent. This is the more noteworthy accomplishment because, based on experience, one finds that the beginning of a year is

depressed and weak, while at this time, due to the strong increase in exports, the balance has turned positive.

[Gyori] What caused this unexpected improved performance?

[Kozma] The enterprises made an increased effort to effect exports payable in convertible foreign exchange, partly because of the internal economic process, the decline in domestic consumption, and the restriction on exports to the Soviet Union. As a target country, the Federal Republic of Germany took first place in this respect. They concentrated whatever they could for sale in Germany, they mobilized their resources in this direction. The financial solvency situation of our enterprises mandates that they find markets for their products.

[Gyori] Beyond the sheer quantitative increase, is it possible to sense some qualitative improvement in bilateral relationships?

[Kozma] Based on the processes we have had thus far, direct relationships between enterprises have broadened to an extraordinary extent. Undoubtedly this is a new, positive event in our cooperation, and this has a special interesting feature: Small enterprises dominate among the newly entering firms, both on the Hungarian and the German side. Accordingly, in what has been a system of relationships built mainly on large enterprises, small and medium-sized firms gradually gain ground. This is a very favorable phenomenon. True, this process is naturally accompanied by the fact that many inexperienced enterprises are appearing on the marketplace. This is the source of concern on occasion.

[Gyori] In Hungary, just as in many other European states, people are worried that the faster than expected pace of German unification will have a sensitive effect on the cooperation pursued thus far with the FRG. What is your view in this regard?

[Kozma] Indeed, during the past months Bonn's political interest has been fundamentally influenced by the unification that is taking shape. All of this also applies to the economic actors. Clearly, one can sense a rather active interest in the GDR.

It is peculiar, however, that West German enterprises are primarily testing the ground, they are assessing the situation, they endeavor to clarify the economic condition of their future partners, their proprietary conditions, their decisionmaking system. Based at least on the experience gained during the initial months, their conduct manifests caution, a wait-and-see attitude. Many negotiations are in process, but only a few contracts are being signed—this is how I would characterize the momentary situation. Most participants in the West German economy feel that they must be present in the GDR by all means, but they are not yet in a situation to take this step. As a result of this, the matter has no significant negative impact on Hungarian-West German trade.

[Gyori] What could the economic and monetary union between the two German states, their future unification, mean from the standpoint of our future relations?

[Kozma] Unification with the GDR may offer valuable opportunities for Hungarian enterprises, provided that they are able to adapt to the changed circumstances. At present the GDR economy is struggling with many problems. Industrial production declined, they lost very many skilled workers as a result of resettlement, and not few of these are in the technical field. They have difficulty in selling a large part of their products on their own market, let alone the West. This situation ensures important channels for Hungarian shippers, which may be taken advantage of if the Hungarian enterprises react with appropriate flexibility and speed. I should emphasize this. A serious opportunity is given, because more than 90 percent of German industrial capacity is committed as a result of standing orders; they do not have movable reserves to accomplish a quantitative expansion in production.

[Gyori] Wouldn't unification unfavorably affect Hungary from the standpoint of the influx of German capital which is so important?

[Kozma] There is no sign of such an effect thus far. At the moment, between 1,000 and 1,200 joint enterprises are operating in Hungary; two-thirds of these came about last year as a result of an accelerated process. One-third of all joint enterprises are partnerships with West German firms.

The fact is that most of these brought along only a small amount of capital. At the same time, to see the full picture [one must understand that] the number of those who invest in production has increased. Even if one cannot talk about spectacular, huge business transactions, several producer enterprises were formed with a 10 million Deutsche mark share. Maintenance of this trend may provide the foundations for the development of relationships. There are fewer German inquiries regarding the purchase of enterprises. More characteristic is the fact that they enter for a specific purpose, for joining the manufacture of a given product.

[Gyori] Throughout the world, the influx of capital is a certain matter of confidence. The positive processes you mention appear somewhat surprising considering our huge level of indebtedness.

[Kozma] This may be understood only if we immediately add: Hungary's financial discipline is firm despite all the difficulties, and this is an extremely important factor. The chronicle of only the past few weeks includes the following: Bulgaria announced that it is suspending repayment of its debts, and Poland's financial situation is well known. The payment discipline of Soviet enterprises has deteriorated. Severe disturbances can be seen in the payment discipline of GDR enterprises in the course of preparing for the German monetary union. Temporarily the system of financial relationships has come to a virtual paralysis.

These phenomena reverberate both in the press and in the economy. And this is even more true because business life is also inclined to draw general conclusions applicable to regions. In reporting the Bulgarian announcement I just mentioned, the West German financial paper *HANDELSBLATT* added this question to its title: Is Hungary next? In other words: Preserving confidence in ourselves, and preserving our solvency, is in the most fundamental national interest. It is of existential significance that they should not be able to project the negative phenomena that occur in neighboring countries upon us.

[Gyori] The government and the system have changed in Hungary. What are the expectations of the German entrepreneur with regard to Hungary in the upcoming period?

[Kozma] Representatives of the German economy view Hungarian political developments very favorably; they are hopeful in regard to the activities of the newly elected Parliament. Quite naturally, there are great expectations in regard to the activities of the new Parliament and the new government to be formed, and also in regard to the economic policy of the new cabinet. Accordingly, as far as this is concerned, we are witnessing a wait-and-see attitude.

It is apparent, of course, that the transition period will be accompanied by difficulties. The decisionmaking process in the Hungarian economy has slowed down. Important decisions are being delayed, and worse: They are not taking place. Daily occurrences suggest the spreading of bureaucratic processes. This fact is mentioned particularly often by German enterprises and social organizations. Reduction of the bureaucracy may have a beneficial effect on strengthening confidence in us.

But what is most important at the moment: A Hungarian government should be formed, and a Hungarian economic policy should be clarified as soon as possible. Most certainly, the latter will stabilize and broaden our already rich bilateral cooperation.

#### **Private Entrepreneurs Chamber Formed, Plans To Open Bank**

25000732F Budapest *MAGYAR HIRLAP* in Hungarian  
27 Apr 90 p 9

[Interview with KIOSZ [National Organization of Small Tradesmen] Executive Secretary Pal Fisher and KIOSZ and Entrepreneurs' Party Presidium member Gyorgy Szucs, by Balazs Nagy Lantos; place and date not given: "Two Views of a Grouping; Populist Small Entrepreneurs' Bank Being Organized; Hungarian Small Entrepreneurs' Chamber Formed"—first two paragraphs are *MAGYAR HIRLAP* introduction]

[Text] The Hungarian Private Entrepreneurs' Chamber [MMK] has been established. The national presidium of the National Organization of Small Tradesmen [KIOSZ] and the National Free Organization of Retailers [KISOSZ] reported the joint initiatives of the two organizations at yesterday's press conference. They will establish, on a cooperative and a "populist basis," a bank for small

entrepreneurs. In this relation we also asked KIOSZ officials about their relationship with the Entrepreneurs' Party, which, in the opinion of many, is too close.

We asked KIOSZ Executive Secretary Pal Fischer about the reasons for bringing the new professional grouping to life:

[Fisher] We established the new chamber because we felt that the interest representation of private entrepreneurs is scattered. The MMK can represent a larger, more concentrated force in negotiations with state organs. We hope that several interest groups will join the Chamber, ranging from agricultural organizations to persons with independent occupations, to the National Association of Entrepreneurs [VOSZ], but the organizations belonging to the National Federation of Artisan Cooperatives [OKISZ] also belong here as private ventures based on partnership.

[Lantos] Does the Entrepreneurs' Party, which, in the opinion of some people also burdens KIOSZ, also intend to be the spokesman for the same group?

[Fisher] The Entrepreneurs' Party constitutes political representation, while the Chamber intends to provide economic representation. As far as the intertwining with KIOSZ is concerned, there are indeed some persons who fill leading positions in both organizations, but these are elected leaders who receive no pay. The two things must not be combined, of course, nor is it certain that, for instance, Tibor Szabo will have the energy for long to simultaneously serve as vice chairman of KIOSZ and chairman of the Entrepreneurs' Party, while he also works as a small tradesman.

[Lantos] What is behind the "populist" character of the small entrepreneurs' bank?

[Fisher] We intend to establish an entrepreneurial banking system based on the experience gained in the Federal Republic of Germany. This bank would differ from Hungarian banks presently functioning in that in this bank the system would not be constituted by a center and a number of subsidiary banks. Regionally independent banks would each establish a central bank which would represent their interests instead.

[Lantos] From where and from what funds would the needed financial base be established? After all, a majority of the entrepreneurs would like to obtain money from these banks, rather than give money for the establishment of these banks....

[Fisher] We still want to convince entrepreneurs [to make contributions], and they will also enjoy priority status in obtaining credit. But the establishment of the new financial institutions will be beneficial not only for them, but also for every citizen in a given region. In our estimate, 1 billion forints of founding capital would suffice, which would mean 10,000 forints from 100,000 people each.

[Lantos] How much of this have you collected already?

[Fisher] We have the will and the support of Western ideals. [end interview]

Gyorgy Szucs is a member of KIOSZ, and a member of the Entrepreneurs' Party national presidium. He also acts as spokesman for his party. We asked him how he envisions the relationship between the two organizations, and the future of the Entrepreneurs' Party after the elections:

[Begin interview] [Szucs] There were accusations to the effect that the Entrepreneurs' Party had placed itself as a burden upon KIOSZ, but in reality no organizational intertwining exists. A few people in the KIOSZ leadership agreed to perform functions in the Entrepreneurs' Party, which holds similar values, but in our view there is nothing unusual about that. In the multiparty system it will become natural for a person to agree to play a role in the workings of a party in addition to another office.

[Lantos] The KIOSZ membership also includes prominent representatives of other parties, for example Janos Petrenko of the MSZP [Hungarian Socialist Party], or Pal Dragon, the deputy executive secretary of the Small-holders Party. Didn't they object to the political commitment made by the leadership?

[Szucs] They did, but since then we have succeeded in clarifying the misunderstanding. Not only did the Entrepreneurs' Party grow out of KIOSZ, but also some local organizations of other parties.

[Lantos] The Entrepreneurs' Party is a political organization that is unmatched in the world. At the time it was established the party professed that the equally unmatched situation in Hungary necessitated its coming into being, and that it wants to exist only as long as an anti-entrepreneurial system of social values exists [as published]. But the party did not show good results in the elections, and who knows whether it will be needed in four years....

[Szucs] The party will have performed its role if in four years we need not be ashamed of our entrepreneurial past, but I believe that it takes more time than that for people to change their way of thinking. The weak performance of the party was caused primarily by the fact that we had only a few months to prepare, and we have every chance to gain strength prior to the next parliamentary elections. Our next task, however, is to support candidates in the local elections who are friendly to enterprise.

#### **Soviet Trade Response Overdue; "Indications" Replace "Contingents"**

25000732E Budapest FIGYELO in Hungarian  
10 May 90 p 7

[Interview with government commissioner Istvan Tamas; by Robert Becsky; place and date not given: "Dollar-Based Settlement; Awaiting a Response"—first paragraph is FIGYELO introduction]

[Text] The Hungarian and the Soviet sides must reach a final agreement by 30 June concerning the new trading system that will go into effect as of 1 January 1991. Concluding this agreement is one of the most urgent

tasks the government which now assumes power will face. But under what conditions, and at what price? As revealed by government commissioner Istvan Tamas: No Soviet response to the Hungarian proposal has yet been received.

[Tamas] I would make this statement more accurate by saying that this is the end of trade guaranteed by the state not only in regard to the Soviet Union, but with respect to all CEMA countries. The scope of such trade is continuously becoming smaller, relationships between enterprises are taking its place. Although we are not saying at all that we would remove ourselves from the CEMA or the Soviet markets, the simple fact is that the state is unable to finance the potential Hungarian surplus. No one prohibits such trade if an enterprise finds a bank that is willing to finance these transactions, although I very much doubt that one could find such a bank. Quite naturally, all of this creates a problem only as long trade is conducted on the basis of transferable rubles. Although we have reached preliminary agreements with only a few countries, we are encouraging everyone to do business on the basis of convertible currencies.

[Becsky] And is this a sufficiently fixed point for enterprises? I have heard more than one enterprise leader saying: What price and what exchange rate should I use as the basis of doing business? Moreover, there are some who believe that the 0.92 multiplier used in the conversion of the 1989 surplus should be used as the future exchange rate. There is great confusion.

[Tamas] We—the Ministry of Commerce—recommend to enterprises that, as far as next year is concerned, they should do business with enterprises in CEMA countries as they would with Western firms. Accordingly, business should be transacted as much as possible in dollars, and at current world market prices. It is difficult to give advice on bargaining, because the technique of bargaining differs greatly with respect to commodities, fancy items, technical products, etc. Some material to assist enterprises will be published in the next few days. And we really cannot tell what the exchange rate will be. To be accurate, we can say that exchange rates must be developed on the basis of realistic purchasing power. But the 0.92 multiplier cannot serve as a basis for that.

[Becsky] Several enterprises—mainly large enterprises—trade in the framework of such highly closed structures that exports finance imports and vice versa. Not to mention the complex budgetary system of subsidies and withdrawals. How could Hungarian firms consummate business deals in the same way with Western firms and with CEMA enterprises?

[Tamas] These cases can be dealt with only simultaneously, at the time they take place. Incidentally, this year, in the course of the quarterly licensing process, we made exceptions when enterprise imports financed exports or vice versa. As, for instance, the exportation of certain machine industry products—such as vessels—

could not be tied to an even, quarterly schedule. But in terms of normal sales by businesses, these are individual instances. I do not know how the system of subsidies and withdrawals will evolve in the future, but I doubt that today's system could be sustained along with world market prices.

[Becsky] In the texts concerning the changing of the Hungarian-Soviet cooperative system there appeared a new term: the list of indications. Does this not resemble the category that was called contingent in the earlier mechanism?

[Tamas] We would like to trade with the Soviet Union based on a market mechanism. Their understanding of this term is twofold: The basis for pricing will change, and settlement will be made in dollars. With this we have changed to a market cooperation, according to them. But if this is the only thing that will take place, there hardly will be a chance for cash payments in free foreign exchange, considering the present shortage of dollars. So there remains the clearing system. Since we cannot count on pure, free foreign exchange trade, some non-mandatory reconciliation of the export-import trade regarding certain groups of products is conceivable. These would be the most important product groups from the standpoint of enterprises.

[Becsky] But in my mind it is still not clear what difference this makes as compared to the system we have had thus far.

[Tamas] The export offer to be handed to the partner, and the import demand which offsets the supply constitutes the list of indications. It would be based on recommendations made by the Hungarian Economic Chamber, the various ministries, and the enterprises. Incidentally, the Finns trade with the Soviet Union on the same basis. After the list of indications is prepared, negotiations similar to the present ones would be held concerning that list. Based on these negotiations there would come about a list of indications for a three- to five-year period. Enterprises may take these lists into consideration when they consummate contracts under private law, pursuant to their interests. But considering these lists is not mandatory, which is of the essence. No state obligation is attached to the list of indications.

[Becsky] As it turned out at a Chamber debate not too long ago, the enterprises still believe that this process involves a certain commitment by the state. What need would there be to have lists reconciled between the authorities if this was not the case?

[Tamas] In the view of some it will suffice if the Soviet Union declares that it will deal with Hungarian enterprises the same way as it does with the firms of other countries that have a market economy. But, insofar as in the Soviet Union the state is the one that distributes convertible foreign exchange, it will also determine more or less the way such foreign exchange is expended. And further, with the issuance of export and import licenses and with directives it may influence enterprises as to

how much to buy from whom. And further, the Soviet state also wants to know what it receives in exchange for oil, gas, and raw materials. The list of indications pertaining to the mutual delivery of goods serves precisely this purpose.

[Becsky] Would the Soviet side regard this list as indicative?

[Tamas] Most likely not, based on the logic of their own mechanism. But enterprises consummate business deals everywhere in the world, and these obligate the contracting party to do something. The only difference is—and this is not a small difference—whether such contracts are consummated on the basis of one's own determination, or based on a central assignment. And the essence of the matter is that in Hungary the indicative export offers are developed on the basis of opinions expressed by enterprises, and do not represent obligations to the state. Accordingly, the agreement to deliver comes about dependent on an enterprise decision.

[Becsky] The greatest variety of estimates exists in regard to the consequences of transition. This is understandable considering the changing trade structure, and changing prices and exchange rates. But the agreement still must provide some kind of a fixed point as to the way in which resultant amounts should be handled.

[Tamas] The Hungarian draft contract uses as its starting point the fact that the system of cooperation is changing. The profits and losses that occur under this system cannot be viewed as some kind of loss or profit on exchange rates, but as an expense incurred by the changing of an earlier mechanism that was formed and operated jointly. Somehow the Hungarian and the Soviet sides must bear this burden or share the resultant fruits.

Quite naturally, in terms of figures, all of this appears as a loss or gain on exchange rates, part of which—perhaps an annually decreasing part—the Soviet side would make available to Hungarian enterprises in lieu of the purchase of Soviet goods. Perhaps another part—also in annually decreasing portions—could be used to modernize Hungarian enterprises interested in exporting to the Soviet Union. But there also may be other solutions.

All of these matters amount to perceptions only; negotiations are still ahead.

### 1989 Economic Summary

90CH0113A Budapest FIGYELO in Hungarian  
5 Apr 90 pp 1, 8

[Article by Dr. Dezso Suto, chief of the Finance Ministry's Internal Revenue Directorate: "Declining GDP, Increased Business Profit"—first paragraph is FIGYELO introduction]

[Text] The product structure hardly changed, sales declined or were stagnating, and business incomes became more differentiated. Our finances are better than

expected. Ethics in business and finance did not improve. In catchwords, these are the characteristics of the business organizations' activity last year, as evident from an analysis of their consolidated balance sheet for 1989. This year again, the analysis we are presenting below was prepared by the chief of the Finance Ministry's Internal Revenue Directorate.

It may be regarded as a success of economic policy that the number of businesses increased significantly in 1989. Annual balance sheets were filed with the APEH [Internal Revenue Directorate] by 14,464 businesses. The number of small business organizations—i.e., the ones that use simplified double-entry bookkeeping—increased 2.5-fold (to a total of 9,464) over the preceding year.

The net proceeds from sales of small businesses in 1989 increased by 75 percent. The fact that about 6,000 new businesses were established last year played a role in this. Thus, the share of small businesses in the national economy's combined total proceeds from sales rose from 3.8 to 5.7 percent.

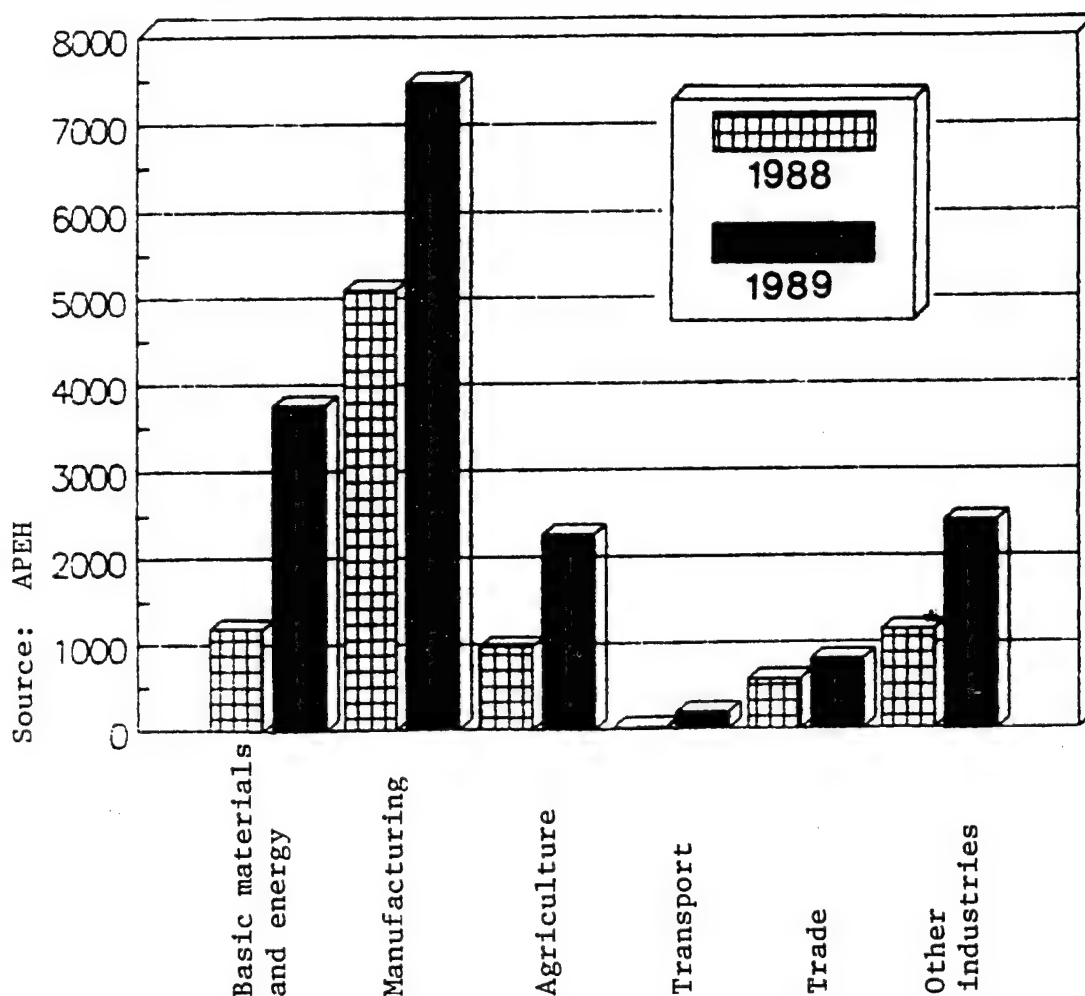
The small business organizations' exports increased severalfold. Their export earnings amounted to nearly four percent of the national economy's combined total earnings from export. The small business organizations' export earnings in non-ruble-denominated trade more than doubled, but the growth rate of their profit was lower than at large enterprises. This was due to the fact that both the number of small business organizations operating at a loss and the amounts of their losses rose. Therefore the overall profit of a large proportion of the small business organizations declined. Here a contributing factor was that there already are expenditures, but hardly any revenues, in the months immediately following the founding of new small business organizations. It is a drawback that the level of the small business organizations' financial and economic work is low. Wage costs rose by 71 percent, from 27.4 billion forints in 1988 to 45.5 billion last year.

Inflationary pressures in the economy intensified, and a wave of significant price increases could be observed in the productive sphere. The enterprises are covering up the shortcomings in their management with price increases: They are increasing their profits by excessively passing on the higher costs, while the GDP [gross domestic product] is declining. The improved economic climate—liberalization, new legislation, etc.—generally did not result in better performance, and the efficiency of the enterprises did not improve. The production structure hardly changed at all, but the production volume declined, especially in the second half of the year. Thus, inflationary price increases were the main source of the rising proceeds from sales.

The businesses' net proceeds from sales in 1989 rose by 14.4 percent over the year before. The growth rate of net proceeds from sales in industry was somewhat lower (13.6 percent).



1988-89 Losses of Businesses, Banks Excluded (in millions of forints)



Within industry, sales rose by 25.7 percent in metallurgy and by 16 percent in the food industry. Export sales rose significantly in both of these industries, especially in trade denominated in convertible currency. The growth of net proceeds from sales was slower in the mining industry, in the electric power industry, and in light industry, than on average for industry as a whole. Declining coal output in the mining industry and the slump in the clothing industry were, respectively, the decisive factors.

Sales in agriculture increased by 12.2 percent. Net proceeds from sales rose at above-average rates of 21.3 percent in the building industry, and 17 percent in transport, postal services, and telecommunications. Even at comparable prices, contractors in the building industry did more construction and installation work than they had done the year before.

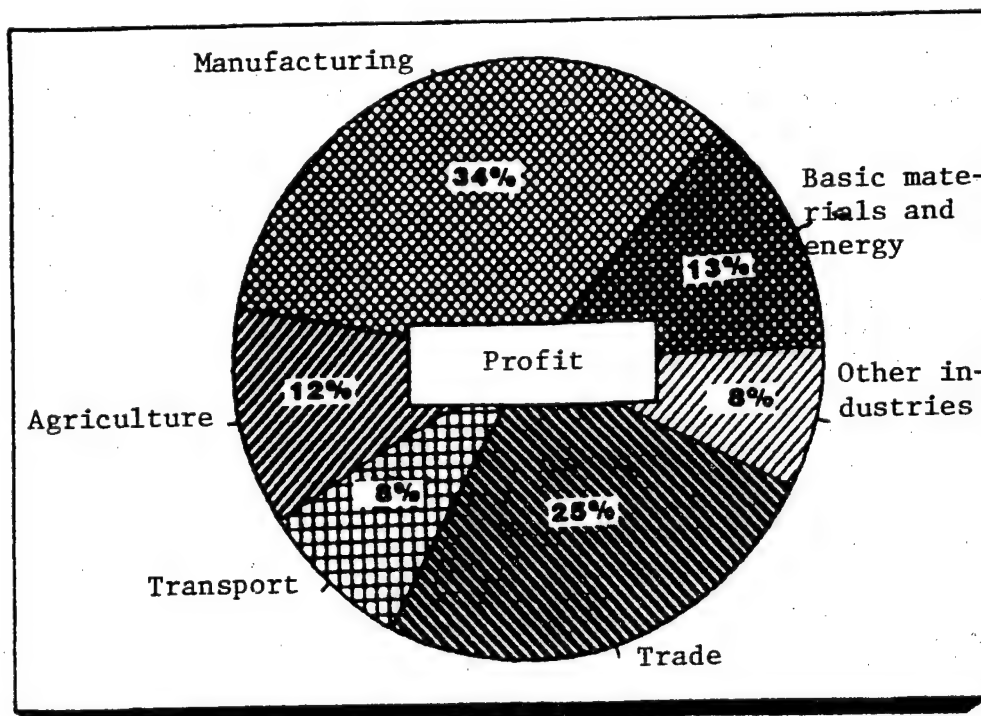
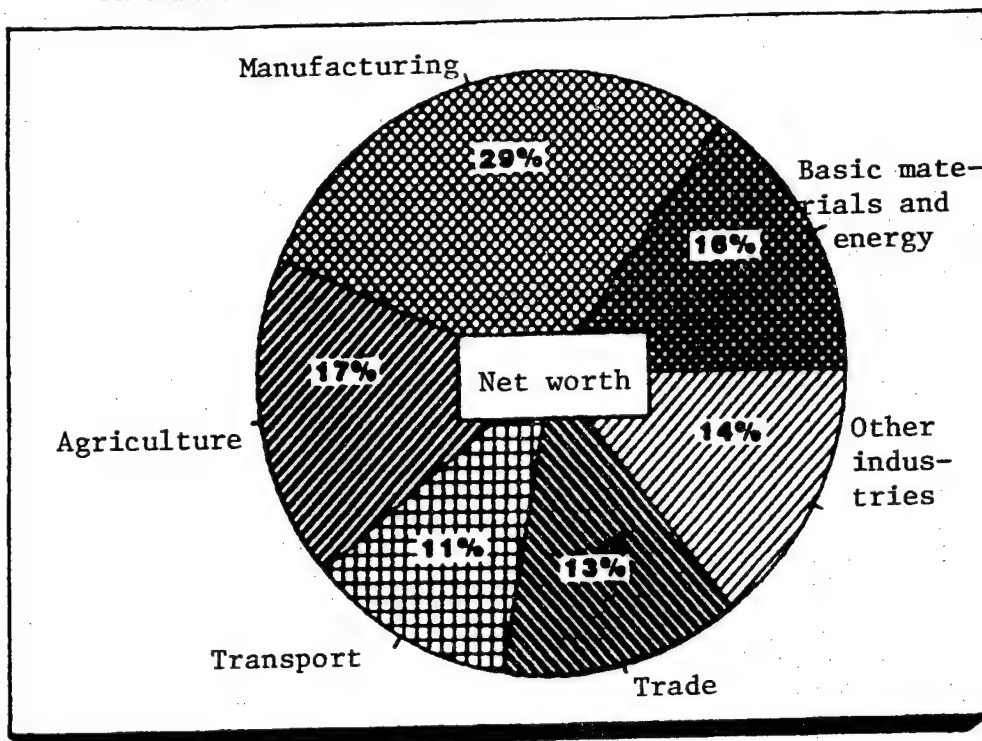
In agriculture, sales of animals and livestock products declined in the second half of the year. In activities other

than agriculture's principal activity, the growth rate of net proceeds from sales was faster than the average for agriculture as a whole.

Conforming to the objectives of economic policy, the enterprises continued to expand their export denominated in convertible currency. Earnings from non-ruble-denominated export in 1989 were 26.6 percent higher than the year before. The forint's devaluation played a significant role in this: The growth rate of export earnings computed in dollars was merely 7.8 percent.

Businesses in industry increased their export earnings in non-ruble-denominated trade by 29 percent. However, their production structure changed only slightly. Because of the boom in the steel industry, the growth rate of non-ruble-denominated export earnings in ferrous metallurgy was 44 percent. Reorientation was the most pronounced in the food industry: Because of the switch

Pie Charts of the 1989 Net Worth and Profit of Businesses, Banks Excluded



in markets and the currencies of account, hard currency earnings from exports rose. The trends were similar in the machine and the chemical industries.

#### Winners

Contrary to the government's intentions, the businesses' ruble-denominated export earnings in 1989 were 8.1 percent higher than the year before. In industry the production volume rapidly declined during the year, and the growth rate of earnings from ruble-denominated export was 5.7 percent. Within this, the growth rates of export earnings were 10.7 percent in the chemical industry and 6.6 percent (!) in the machine industry.

Ruble-denominated export declined by four percent in the food industry, while in agriculture it rose by 70.3 percent or 2.3 billion forints. The ruble-denominated export of processed farm products fell, while that of unprocessed farm products rose.

Initially the expansion of the production volume (and sales volume), and subsequently higher subsidies were the main sources of the rise in profits in earlier decades. Now, however, the rise in profits stems mainly from price profits. The unfavorable distribution of profit reinforces this adverse phenomenon. It is likewise not in accord with the objectives of our economic policy that profits are above-average in industries producing basic materials, in the fuel and power industry, and in the food industry. On the other hand, it is gratifying that cost reduction also plays a role in the rise in profits.

Businesses made a combined total profit of 312.2 billion forints in 1989, which was 30.8 percent or 73.6 billion forints more than the year before. Within this, the profits of large business organizations totaled 288.3 billion forints (31.5 percent more than in 1988). In the same circle of business organizations, losses rose by 16.9 billion forints, which was 87.8 percent more than in 1988.

About 3,000 small business organizations closed 1989 with a loss. Losses in this circle of business organizations totaled 9.3 billion forints, ten times more than the 0.9-billion-forint combined total loss of the 269 small business organizations operating at a loss in 1988. A large proportion of the small business organizations were formed during the year and were not yet able to attain suitable proceeds from sales for that reason. Consequently, the losses of the small business organizations will presumably decline in the coming years. For the national economy, including all businesses, the consolidated profit-and-loss statement showed a net balance of 285.9 billion forints. That was 25 percent or 57.2 billion forints more than the year before.

Profits in the construction industry and agriculture were close to what they had been the year before. Profit rose by 41 percent in transport, postal services, and telecommunications. Profit in trade rose by 15 percent. In industry it was 44.7 percent more than it had been the year before. Within industry, profits rose significantly in all industries except the machine industry, where profit

declined by 10 percent. At the same time, profit nearly doubled in metallurgy. In the mining industry, several enterprises became loss-makers, but the growth rate of profit in petroleum production was significant.

The profits of chemical-industry enterprises rose by 62 percent in 1989. In comparison with the average, the rise in profits was moderate in the building materials industry and in light industry. Profits in the food industry rose by 28 percent or by nearly 4.0 billion forints.

The raising of producer prices was the principal source of higher profit. The net proceeds from domestic sales rose by 13.7 percent. Since the sales volume declined, primarily the changes in producer prices determined the development of profit. Last year's more moderate starting base also played a role in the rise in profits.

#### And Losers

Sharply rising losses partially offset the growth of combined total profit. With the exception of the chemical industry and metallurgy, losses rose in every branch of the economy and in every industry. (This was the first time that there were loss-makers even among the financial institutions.) The industrial enterprises that closed the year with heavy losses—primarily the mining enterprises—determined the rise in the amount of the combined total loss. Forty enterprises reported losses exceeding 100 million forints each, and they accounted for 78 percent of the combined total loss. There had been merely 15 loss-making businesses in this class interval in 1988.

Among the underlying causes of the losses we should mention softening demand, the decline of ruble-denominated export, the large inventories, and the low level of work organization.

The rate of increase in production costs lagged 2.8 percentage points behind the growth rate of the proceeds from sales in 1989. Total costs rose by 11.6 percent, which was significantly less than the 14.4-percent growth of net proceeds from sales. This difference in rates was an important factor in the growth of profit.

The costs of materials and energy rose more moderately, by 8.8 percent. However, the production volume's decline played a decisive role in this. The unit cost of materials dropped 1.3 percentage points in the national economy as a whole, and more than 1.0 percentage point in industry.

According to the businesses' balance sheet reports, wage costs rose by 10 percent, while the work force shrank. Wage costs rose particularly at small business organizations (by 70 percent). For all businesses jointly, wage costs rose by 14.6 percent or 52 billion forints over the year before. Social security contributions rose by 34 percent.

Fixed costs rose by 13.9 percent, which was slower than the growth rate of proceeds from sales. Judging by the



experience of years past, this indicates a favorable change. The businesses' bank costs rose significantly (by 27 percent).

Due to the sharp increase in profits, the rate of profit on proceeds from sales rose from 4.6 percent the year before to 5.2 percent last year; the rate of return on capital (without the financial institutions) rose from 7.8 percent the year before to nine percent last year. In manufacturing, profitability continued to stagnate.

The profitability of export denominated in convertible currency improved, and the export-import ratio rose from 31 to 33.9 percent. In ruble-denominated trade, on the other hand, the export-import ratio dropped from 29.6 to 22.9 percent.

#### Expanding Resources

The net worth of businesses increased by about 10 percent in 1989. The net worth of small businesses increased 2.6-fold and amounted to 127 billion forints. The initial value of fixed capital increased overall by 6.3 percent in 1989. In industry the initial value of fixed capital rose moderately, by 4.1 percent. The initial value of the fixed capital held by small business organizations was close to 100 billion forints at the end of the year.

In percentage of its initial value, the depreciable value of fixed capital rose from 56.3 to 56.9 percent. In industry there was a one-percentage-point improvement, to 54.4 percent. For the fixed capital of small businesses this percentage rose from 69.4 to 71 percent.

The volume of investments in progress was 139.9 billion forints at the end of 1989, an increase of 6.6 percent over the year before. In industry the volume of investments in progress at the end of the year increased by 11.1 percent. For small businesses this volume was 12 billion forints.

The increase in the stock of marketable securities held indicates a change in the internal structure of business assets. Accounts receivable in convertible currency from foreign customers dropped 30 percent, and within this the accounts receivable that were past due dropped 14 percent.

Investment by businesses increased by 51 percent. Investment by businesses other than financial institutions increased by 44 percent. Investment in stocks totaled 110 billion forints, double the amount invested the year before. Foreign investment more than doubled, to 11.8 billion forints; but the growth rate of foreign investment in businesses other than banking was merely 50 percent, and its amount at the end of the year was 4.6 billion forints.

Profit after taxes, without the financial institutions, increased by 34.5 billion forints in 1989 over the year before. The amount of depreciation deductions also rose. The earnings retained by businesses, including depreciation, increased by 43.4 billion forints or 24.2 percent.

#### Growing Inventories

Many comments were made during the year about the enterprises' liquidity, but without any deeper analysis of the underlying causes of this problem. With output and sales declining or stagnating, it is noteworthy that the combined total stock of business inventories increased by 10.1 percent or 87.6 billion forints over the previous year. Within this, the inventories of large enterprises increased by 7.9 percent or 66 billion forints. Procured inventories increased by 7.6 percent; and owned inventories, by 8.9 percent. The procured inventories of small businesses that use simplified double-entry bookkeeping increased by 77 percent. These figures indicate that the low liquidity cannot be attributed solely to external causes.

Inventories of owned products increased by 18.5 percent in industry, and by 9.7 percent in domestic trade. Within this the idle inventories of the enterprises trading in consumer goods increased by 14 percent, due to softening demand.

According to the balance sheet reports, the combined total subsidies of all businesses were reduced by 22 percent or 40 billion forints. Total payments by businesses to the state budget developed according to the estimates and were higher by 8.3 percent than the year before. VAT revenue essentially met the estimates for 1989 (133 billion forints). The estimates for entrepreneurial profit tax and surtax (122 billion forints) were likewise met. Revenue from personal income tax exceeded estimates by 14.5 percent (82.2 billion forints), due to bracket creep and the increased outflow of wages.

### POLAND

#### Reprivatization Seen Complicating Privatization Issue

90EP0563A Warsaw *POLITYKA* in Polish No 19, 12 May 90 p 4

[Article by Wojciech Markiewicz: "Will the Taxpayers Pay?"]

[Text] During the roundtable deliberations and later, during the elections campaign for the Sejm and Senate, representatives of the erst-while opposition mentioned the need to return nationalized property to its private owners. Now, when the opposition is the government, the promise should be kept, but it turns out that this is not easy.

Letters are coming to the Sejm and the Senate, the government ombudsman, the president and the premier, from both within the country and abroad. A letter to Krzysztof Lis, plenipotentiary for ownership conversion, reads as follows: "In 1936 I bought a brickyard where, during the season, I employed up to 12 workers (...) During the war the brickyard was shut down. I started it up again in 1945, going considerably into debt (...) In 1949 it was taken over by the state. To this day, I am

paying off the loans that I drew to restart it. Please inform me as to what steps I am to take in order to recover my property."

The letter is typical—hundreds of similar ones are arriving at the plenipotentiary's office. They differ only in that this one is less emotional and it contains no epithets directed at Stalinism, communism and the PZPR.

Today most of the discussion, and the most heated discussion, centers around the subject of PRIVATIZATION. And this is not surprising because it is something which affects, at least theoretically, the majority of society. But frequently it is confused with REPRIVATIZATION, which, according to the dictionary definition, is "the restoration of nationalized property, or property remaining under state control, to its private owner."

### A Short History of Nationalization

How, then, has it come to this, that the new political situation has activated the imagination, the system of social expectations, and that the "claims" attitude has transformed itself into an "appropriating" attitude, and almost everyone wants to recover something?

Let us begin from the beginning:

—Back on 6 September 1944, the Polish Committee of National Liberation issued a decree on agricultural reform. Based on this decree, landed property—as it was then called—was parceled out and the land was allocated, for payment or free, to small-scale farmers or farmers who had no land of their own, and also, State Farms were formed. It was decided at that time that properties measuring more than 100 hectares total area, or those which have more than 50 hectares of arable land, will be taken over. Somewhat later, the state treasury took over "some forests, mainly near landed properties."

The above-mentioned institutions are getting practically no letters regarding these cases, for it is hard to imagine that the second or third generation of farmers would want to give the land back to its former owners.

—The next nationalization move of the new government was the decree dated 20 October 1945 on the ownership and use of land in Warsaw, the country's capital city. The Real Estate Owners Society maintains that 15 percent of the people in Warsaw are living in the houses of its members. If the demands of the Society were to be met, 18,000 parcels and houses would have to be returned.

—The next and most important nationalization act was the law dated 3 January 1946 on the "takeover by the state of the basic branches of the national economy." At that time the state took possession of mines, steelmills, plants in the petroleum, gas and electric power industries, enterprises in the armaments industry, telecommunications and communications, sugar factories, vodka distilleries and factories, breweries, oil mills, cooling plants, the large and medium-size textile industry, printing plants, and grain mills

"with a grinding capacity of over 25 tons of grain a day, calculated on the basis of the length of the rollers or the surface area of the millstones."

We are writing somewhat more extensively about mills, because the letters dealing with them make up a large percent of the revindication demands. These rollers and stones were the subject of study by commissions and often when they were measured the measurements were overstated, i.e., the law was violated. If the mill was actually able to grind, e.g., 12 tons per day, 16 tons was shown in the protocol and the mill was taken from its owner.

The law defining employment capacity of an enterprise was also violated. The law said that, aside from the plants mentioned above, the state is taking over those which are "able to employ in production, during one shift, more than 50 workers." The commissions, therefore, resorted to subterfuge: It is true, they said, that the factory employs 35 people, but 60 people could work in it. Obviously, the factory became the property of the state. The pertinent provision of the law prepared by the Senate aims at facilitating the return of those buildings which were nationalized on the basis of a tendentious appraisal.

The 1946 law promised that compensation would be paid within a year for the enterprises taken over; "as a rule in the form of securities," said the legislature. But the executory regulation was never published, therefore the obligations of the state treasury remained.

—The law on the development of small-scale crafts and trade was also issued on 3 January 1946. The state declared that it would protect and support private initiative and guaranteed the inviolability of small property ownership. This law is part of our short history of nationalization because in 1948-49 the climate surrounding crafts and trade changed. It turned out that this "sea of small-commodity element, in which greedy plunderers are hustling—as was written then in YOUTH CALENDAR Iskry, is defending the exploiters, the hirelings of international imperialism, feeding on the live flesh of the nation."

Thus, Marshal Pilsudski's decree of 16 December 1918 on compulsory state control was dusted off. True, the decree spoke about buildings whose owners left the annexed territories, i.e., about abandoned banks, factories, properties and institutions, but "compulsory state control" sounded good. And what is important, the decree authenticated itself because it was issued by the previous government, not the people's at all. Therefore, the state began to take under its control the small shops, mills, brickyards, small hydro-power stations, workshops, for which the "greedy plunderers" received only rent payments, often so small as to be symbolic in nature. It is precisely such claims applications, pertaining to small buildings, that are the most numerous and which the pertinent ministries—trade, agriculture, industry, etc., are investigating.

—To continue, on 8 January 1951 the pharmacies became the property of the state. In this case, everything took place in accordance with the law, although obviously the pharmacists were deprived of their property in various ways. The revindication tendencies are very strong here also. The former owners have organized into associations and are strenuously demanding the return of their attainment, often the attainment of many generations of their families.

—In 1955, the state treasury took over the inland navigation fleet. But not one application has come in to the plenipotentiary's office on this matter.

—The 25 February 1955 law on establishing the legal status of property remaining under state control was probably the most perfidiously designed appropriation law. Officially, it determined legal status, but in fact, it took away. It abrogated the 1918 decree, therefore small-scale enterprises passed "by virtue of the law to state ownership." Inactive enterprises could be returned to their owners "if they are not earmarked for reactivation," and in exceptional cases, even active enterprises "but whose further operation is economically inadvisable." In short, property that has been brought to ruin can be returned, but again, without machines, production equipment, or other movable property. If, under state control, the plant was brought to ruin, then after its return the owner was not entitled to "put in a claim for compensation for the use or destruction of those buildings."

—Finally, the 15 February 1962 law on protection of cultural assets, which was correct in its assumptions, but which took buildings—manor houses and palaces—considered to be monuments, from their owners. The ministry of culture and arts is investigating the matter of their return.

### Billions

As long as the laws published earlier are in effect, however unjust they may be, only those individual applications are being considered from which it appears that nationalization took place in violation of the law. For example, if the "landowner" who had a total of 60 hectares, including 35 hectares of arable land, was recorded as having had 55 hectares of arable land. Or if on the basis of a tendentious appraisal, a mill or small factory was taken from someone.

But the most important problem is that of the compensation which the legislature in 1946 obligated itself to pay for nationalizing large and medium-size industrial plants. The law on this is still in effect and the compensation should be paid.

The draft of the new law was prepared by the Senate with the legal assistance of the Office of the Plenipotentiary for Privatization. It provides that an individual who is entitled to the return of his property may waive his entitlement and accept compensation in the form of a capital certificate, which, in turn, entitles him to purchase shares or stock in

companies of the state treasury. In this way, reprivatization can be combined with privatization.

Because applications are being received from abroad for compensation for abandoned industrial buildings and properties, mainly in Upper and Lower Silesia, the draft law provides that the law will apply only to Polish citizens living in Poland. But already a difference of opinion has appeared in the Senate on this subject. Some people believe that if we are to return property, then we should return it to all those who lost it, regardless of where they are living today and what kind of passport they have.

Another problem: How to appraise or put a value on factories which have been expanded or are producing something entirely different within the walls of the old building. Or, the old building is no longer there, and only a place and a name remains from the old enterprise.

Further—perhaps the most important problem. No one denies anyone the right to his property, but can the state afford to return or pay compensation, even partial compensation for this property? A study made by the Ministry of Land Use Management and Construction showed that in Warsaw alone and from the decree on Warsaw land alone—18,000 cases—6.2 billion zlotys in full or 1.7 billion in partial compensations would have to be paid. In practical terms this would mean that all investments in the capital, all repairs and other city expenditures, would have to be discontinued for a period of a few years. Other ministries are not able to calculate the size of the compensations, even approximately.

Finally, what do we say to those who never owned anything? What do we offer to the rest of society? Still higher taxes?

### Position a Woman in Front of a Mill

In turn, former owners demand, rightfully, the return of their property. We are not asking for what is not ours, they say, we are demanding only that what was unjustly taken away from us be returned to us.

The journalists are finding some grateful informers. Articles, radio broadcasts and television programs are heating up the atmosphere. And this is how it is done: You position a woman before a mill which once belonged to her husband and family and now is the property of the Gmina [rural township] Cooperative [GS]. The head of the television crew gives a signal and the television camera begins to film. And the woman, weeping, tells her story. Her husband was jailed and they took the mill. Her husband died in the prison cells of the Security Administration, therefore today, primarily in his memory, the mill should be taken away from the GS and returned to her.

Such television programs cause more and more new letters to come into the plenipotentiary's office. For example, a gentleman from Zielona Gora leased a building into which the GS placed machines to produce candy. The owner now asks Minister Lis to persuade the GS to sell him these machines

because now he wants to produce candy. Another gentleman writes to the premier that he should force the GS to sign a lease contract with him.

Minister Lis' employees, therefore, approach reprivatization with mixed feelings. The matter is delicate from all standpoints—political, legal and social. They say that no matter what they do it will be wrong. If not for those who lost something, then for those who will now have to pay for it.

### **Financial Snags, Fall in Demand Fuel Textile Industry Recession**

90EP0569A Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 18, 6 May 90 p 6

[Article by Krzysztof Spychalski: "The Sickly Tiger"]

[Text] Alfred Miodowicz knows how to practice politics. On 19 April during the meeting of the National Council of the NSZZ Light Industry Federation—as he said, he did not urge a strike, but aside from that he was very explicit: "What are we to do," he said, "in a situation in which we are being threatened by disaster? There is a limit to people's patience. What are we to do—if we do not unite in our actions then Miodowicz's speeches on television are for nought. The time has come to show how many of us there really are—6 or 7 million, or none at all. If you do not accept an unequivocal position it means that you do not support the trade union movement of the OPZZ" [All-Polish Trade Unions Agreement; founded 1984; government-sponsored trade union].

The chairman said exactly what they wanted to hear. The effect was obvious. Several minutes later the representatives of the so-called "class" trade unions passed a resolution condemning the government's economic policy.

Lodz is again drifting. Compared with the same period last year, production sold of Lodz industry dropped 43 percent in the first quarter, including over 50 percent in light industry. Wages do not exceed three-fourths of the national average, and over 12,000 people are now unemployed, out of 179,000 employed in industry. Although it is true, as the director of the Lodz Labor Department, Sylwester Pomorski, says, that most of these are people who never worked anywhere anyway, and that only about 900 people lost jobs due to mass dismissals, we already know that soon close to 5,000 people will be dismissed from Lodz factories. In the fall, 60,000 people in the voivodship will be without a job.

*Recession.* The talks of the trade unions—the branch unions, but also a section of the Solidarity light industry—with the government, are like a dialogue between the deaf and the mute. In the many rounds of negotiations conducted over a few weeks, 10 hours has been spent talking. Both sides are speaking only in their own language. The unionists believe that light industry must be given preferences. The government believes that this plays no part at all and that the method of thinking about the economy as presented by the trade unions is exactly what should be changed in Poland in the first place.

*Recession.* During the Lodz meeting of the NSZZ Light Industry Federation Council the class activists of the union movement had to be satisfied with soda water—they weren't even offered pretzels—and a basketful of decorations. The 23 Cavalier Crosses of the Rebirth of Poland and the dozens of gold, silver and bronze Crosses of Merit awarded to workers in the light industry on the eve of their branch holiday were supposed to set the mood. The mood was also supposed to be influenced by the banner which a representative of the OPZZ federation of miners brought to Lodz, reading: "Construction Without Housing/Agriculture Without Food/Industry Without Production/Young People Without a Future/A Nation Without Work. You Wanted a 'Government,' Well, Now You Have It."

\*

It is worst of all in "wool." In the first quarter of this year enterprises in the wool industry sold only 39 percent of what they had been able to earn during the first three months last year. A year ago if anyone had told Jan Panek, director of the "9 May" Wool Industry Plants [WIP], what we would wake up to on 1 January 1990 and what he would have to contend with during the weeks that followed, he surely would not have believed it.

Last year was the factory's best year in its history. Production was 2 percent higher than in the peak year of 1979. Admittedly, employment a year ago was 36 percent lower and there were more nonwork Saturdays, but labor productivity was higher, export was at a respectable level, and wages were the highest in the branch—an average of 251,000 zlotys over the course of 12 months of last year.

The first signs of the storm that was approaching could already be seen in the second half of last year. From August to the end of October, the factory could not buy dollars to import raw materials. The state treasury was empty and for 3 months the banks did not arrange any foreign exchange auctions. Bills were not paid in the light industry. Factories exchanged goods but they were all in arrears in their payments. Inflation did its thing. Nothing could really be calculated with any reasonableness.

At the beginning of this year, "9 May" WIP signed another "normal" credit contract with the bank. A few days later the rules of the game changed. It turned out that in January alone, 46 percent interest would have to be paid for credit. The structure of the financial burden which the enterprise had to bear was as follows: Raw materials costs, 28.8 percent; their processing, including employee wages, 24.4 percent; and bank costs, 46.8 percent. No textile enterprise in the world, competing with WIP on the world markets, had to contend with anything like that at the time.

In the first quarter, the factory's export dropped to 30 percent of its total production—normally 50 percent. The overall systems problems, which were the same for all producers and exporters, were further aggravated by the new financial rules which went into effect in trade with the USSR. Light-industry products were included in the group of commodities subject to clearing

exchange, for which payments were made in world dollar prices. It is an open secret among the directors of the textile and clothing factories that heretofore, when the transferable ruble was binding in this trade, many Polish exporters sold in the USSR only what did not sell well in the West. In the new conditions, the Russians demanded products of a European standard. "9 May" WIP dropped out of the Soviet market for 4 months.

The domestic market also fell. According to the latest figures, 65 percent of our incomes are now being spent on food and about 20 percent for rent, gas and electricity. Polish families have very little left for clothing, bedding and shoes. This is what the Poles stopped buying first during the first quarter. Shoes can be taken to be repaired, a dress can be made over, and the old suit can still be worn. The mood in the light-industry factories became grim. During January, February and March, "9 May" WIP sold to domestic purchasers only 10 percent of the products it produced. The rest, except for export, "went into the warehouse," which fortunately was almost empty at the beginning of the year.

That is how, already in the first weeks of the year, the textile and clothing factories went into the hole. And "9 May" WIP fell from its 1989 peak into a recession at the beginning of 1990. The decrease in sales forced a reduction in production. In the factory, production was decreased 17 percent. In the spinning room the third shift was discontinued, and in the weaving and finishing rooms night work was reduced. There was one goal: keep the workforce and prevent group dismissals. Since January, 22 persons have left the plant, but these, as Jan Panek says, were "natural attrition." At present, 886 workers are employed in the factory, and towards the end of the year the workforce will number 776. Some people will take early retirement, the administration and auxiliary services will be trimmed slightly, and the use of half-time employees will be discontinued. For the time being, the workforce in this factory knows about unemployment only through reading about it in the local press.

For the time being. What will be next? What will happen if the price decline on the domestic market remains another 3 or 4 months? Right now the factory is still solvent. The profit earned during the first 3 months makes it possible to survive, although almost 8 billion zlotys had to be paid in the form of interest on the credits which were drawn. Thanks to this, at the end of the quarter the debt in the bank remained at the January level. To put it differently, the creditor collected 8 billion zlotys, equivalent to a month of the debtor's production and the debt remained the same. That, given the situation that "9 May" WIP is in, is one more indication of the economic state, commonly known as regression.

In the discussions on this subject many statements are being made and their substantive value is being shaken easily by both sides. For example, Senator Jerzy Dietl said recently that light industry has troubles because it

produces unattractive products which trade does not buy. Director Marek Czechowski from the Lodz Union-tekst, on the other hand, also tells the obvious truth: Even if we admit that the professor is right, that we are not generally producing what our most finicky customers would want, what does one do in a situation when the customers as a whole do not want anything at all?

The discussion on the need to modernize this industry is exactly the same. The government, and recently the head of the central planning administration, Jerzy Osiatynski, at a meeting with the NSZZ Light Industry federation unionists, says: If you want to survive you must be competitive. You should reduce costs and seek new sales markets. The retort is instantaneous. To reduce manufacturing costs means to buy modern, more productive machinery, but with what? True, import duties on this equipment have been reduced recently, but at the same time turnover tax was introduced. Overall, the import charges have grown.

This kind of talk could go on until the last Lodz factory bankrupts. Director Panek knows that the future of his plant will not be determined during the course of official debates and negotiations. Actions will count. In the case of "9 May" WIP: the effects of the functioning of the company established with the Austrians and the financial benefits ensuing from the new contract signed with the Soviet buyer. Thanks to the new contract with the Russians, 60 percent of the factory's production in the second quarter will be sold to them. But if nothing changes on the domestic market, then the future—according to the WIP management, can be expressed in one word, "tragedy." Although this may sound overdramatic, it may be what the workers deprived of their jobs in those Lodz factories, which could not or were not able to establish the economic contacts that the "9 May" WIP plants did, may soon have to experience.

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At various occasions the employees of the textile factories are asking: "When will it change for the better?" Unfortunately, some of their union representatives are asking the same question. If the government declarations are to be taken seriously, the answer would have to be that nothing will change by orders from above. The most flexible, most efficient, and best-situated on the market, will survive. Ideological entreaties and references to examples of Asiatic tigers, which began with textiles, will not help. The fact is that no one over there ever established a superior authority using an economic tiger. On the other hand, it should be remembered that 45-year habits of thinking cannot be changed in one year. Especially when some "people's" spokesmen are telling the weavers that "a person comes first and then economic standards."

We have already thrashed that out and it seems that the condition of the entire Polish economy stems from the times when economic laws were binding only to a certain point, and then it was the person who counted.



## HUNGARY

### Jewish Emigre Against Separate Jewish Parliamentary Representation

#### Text of Appeal

25000731B Budapest KAPU in Hungarian May 1990  
pp 42-43

[Copy of letter addressed to three Hungarian Jewish organizations for the KAPU editor, by Karoly Laszlo of Basel, Switzerland: "What Is a Jew?"]

[Text] Dear Editor!

Although I live outside of Hungary, I feel a need to, or more appropriately, I feel compelled to comment on the most recent development of the so-called Jewish question, one that is certainly going to make its effects felt for a long time to come. My remarks were published by the Hungarian press, you may have heard of it, even though I understand that you are not likely to pay attention to the views of others, and particularly not to the views expressed by Jews. If you have not heard of it, you may look it up in the 11 March issue of MAGYAR NEMZET. I could send you a translation if some of you do not understand Hungarian. As you could see, and as you will see, my remarks were based on the supposition that the idea of classifying Hungarian Jews as an ethnic minority could have occurred only to Jews, in the minds of Jews whom I will characterize later. One needs to use only his brain to make this supposition, one need not know the local conditions: Not even an anti-Semite of today, and not even the dumbest kind of anti-Semite, would dare to plot an assault like this against Hungarian Jews, and to prepare such an assault on an institutional basis.

But as long as the inconceivable has happened, as long as the trouble produced by the mixture of stupidity, insidiousness, and faulty guidance has occurred, I do not wish to acquiesce without raising my voice; instead I would like to act to save what can be saved. Perhaps the mistake can be remedied, and if this is so, those who made the mistake should take remedial action. This is why I am writing to you [i.e. the various Jewish organizations].

There are actions so incomprehensible that one doubts whether those who took these actions are sane, one must ask whether they have gone insane without themselves noticing it; is it at all worthwhile to talk to them? And if I talk to them, how should I arrange my message? Which aspect of the damage should I underscore? As far as I am concerned the sequence in which I present the message is indifferent from the standpoint of rescue work, just as it may have made no difference to you when you caused the damage. I am drawing this conclusion from the fact that one cannot decide who suffers more harm as a result of this constitutional amendment: Hungarians or Jews.

Viewed from the Hungarian standpoint—a matter you refused to do, the way I see it—the very fact of taking a quantitative approach flies in the face of any action that

reduces the number of Hungarians, particularly in these days when demographic data manifest a trend both within and outside the borders, which gives cause for concern. But the moral damage inflicted upon a nation which has just regained its good name cannot be even assessed when it becomes the pioneer of an insidious anti-Semitic trend, inspired by a small, but more insidious Jewish Mafia. We who live in the West, Hungarians and non-Hungarians alike, are most sensitive to the consequences. And behind the moral damage we instantly find financial damage. Support of Western capital is indispensable for the reconstruction of the country which now finds itself at its economic low point. This support is to be granted in a situation in which economic considerations do not suffice; affinity must also play an important role. The same applies to the support of Hungarian interests in which international public opinion exerts a decisive influence. We have in mind here the collective legal status of Hungarians in the minority. It is more than a sin to disregard all these considerations: This is a mistake in which one discovers malice in addition to negligence and stupidity.

The Jewish standpoint, in regard to which you are either blind or determined to be hostile, raises even more elementary emotions. I sense the atmosphere of insanity. Yet another yellow star after 40 years, but this time Jews are pinning that star on the chests of Jews. What more would [members of] the anti-Semitic international want? Proof is given to them by those who really must know, and at this point one may really express this thought: They do not belong among us, therefore they should get out, wherever they go! Did the initiators [of the constitutional amendment to provide minority representation in Parliament for Jews] make an assessment as to how many Jews there are in Hungary whose lives' foundations are shaken by this action? To accomplish this one need not have ancestors who marched under Kossuth's banner, or who fought in World War I as officers, as this writer's ancestors did. It should suffice if these Jews recognize themselves as Hungarians as a result of their language, their way of thinking, their childhood, or even only their upbringing, and it makes no difference if this is so within or outside the synagogue. No one should be cornered by empty talk about assimilation, and about the success or lack of success of assimilation. Where is the sense of responsibility which we have a right to expect from the legitimate leaders of a community, to exert efforts in a way that respond to the public will, and which happens to best fit under given circumstances? But their efforts suggest that these are the workings of an unauthorized, self-appointed shyster, and if they are pursuing their activities under legitimate authorities, they are abusing confidence and their prestige. Are you aware what unpredictable consequences a Jewish nationality structure may produce in an already delicate situation from the standpoint of the manipulated community today, when virtually "anything is possible," when the floodgates of history are opening to both the fair and the unfair ambitions of peoples? If you were not aware of this, you could have sensed this had there been only a

spark of love and good intention in your hearts toward those whose representation you agreed to perform.

At this point this letter will most certainly reach those to whom it is addressed, and so that no one may say when responsibility is being pinned down that they could not have known the possible consequences, because no one expressed an unmistakable opposite view, so that you cannot suppress this the way you have suppressed similar protests, this letter will be published both within and outside of Hungary, designating the addressees.

[Signed] Karoly Laszlo (Carl Laszlo) Basel

(The addressees are: The Jewish Religious Community, the National Representation of Hungarian Jews, the Cultural Society of Hungarian Jews)

### Signature Drive to Protest Amendment

25000731B Budapest KAPU in Hungarian May 1990  
pp 43-44

[Letter protesting constitutional amendment, list of signatories]

[Excerpt] To Be Signed:

Throughout Europe, international public opinion has been able to learn from the daily press about an amendment to the Hungarian Constitution which is the subject of Basel writer Karoly Laszlo's\* vehement protest. The objective catalyst of Karoly Laszlo's protest is of such weight that it warrants concern by both Hungarians and non-Hungarians residing abroad who follow with sympathy the development of a future Hungary. In this sense the following persons object to the questionable constitutional amendment. The adoption of the amendment would render Hungary the first country in the world in which any kind of authority for collective discrimination against Jews is introduced at the constitutional level.

\* [Author:] "Vacation at the Lakeside" (1990), "Der Weg Nach Auschwitz" [The Road to Auschwitz] (1987 Nachmaschine Publishers, Basel).

List of signatories thus far:

Soros, Gyorgy, New York City [passage omitted: The remaining 102 signatories include several prominent European and Hungarian persons, including many aristocrats, a Nobel Prize winner, and other professionals]

### Laszlo Interviewed

25000731B Budapest KAPU in Hungarian May 1990  
p 44

[Interview with Karoly Laszlo; name of interviewer, place and date not given]

[Text] [KAPU] Are you aware of the fact that you will stir up a big scandal with your letter?

[Laszlo] My sense of justice is revolting, because I want to prevent a hasty move, something that is stupid.

[KAPU] You are a Jew.

[Laszlo] But I feel I am a Hungarian.

[KAPU] In Hungary your name is Laszlo Karoly. In Switzerland it is Carl Laszlo.

[Laszlo] I was born in Pecs. I graduated from the Cistercian gymnasium. They took me to Auschwitz from medical school, from there to Dachau. They killed 45 relatives of mine. Once I returned to Hungary I soon discovered that the political situation would not be the way I thought it would be, and the way they promised it would be. That was when I moved to Basel where I still live.

[KAPU] And how do you support yourself?

[Laszlo] At the beginning I performed psychoanalysis. I was a student of Szondy. Thereafter my path took me to surrealism. I wrote books and plays, and I even had my own company of actors. Meanwhile I edited and published periodicals.

[KAPU] ... As I am looking at the magnificent and valuable publications it immediately becomes apparent that you are linked to the demi-gods of the art of an era ... but the books and periodicals did not produce much profit.

[Laszlo] That is why I was dealing in the arts.

[KAPU] Is it true that you offered your collection worth half a billion [currency not named] to the Hungarian state?

[Laszlo] The delays have been going on for 13 years. Previously Gyorgy Aczel was opposed to it, but I do not know why there is silence at this time.

### KAPU Editorial Position

25000731B Budapest KAPU in Hungarian May 1990  
p 45

[Text] There is a difference between belonging to a nation, a nationality on the one hand, and the concept of citizenship. Whoever does not have citizenship is without a country, but he is capable of changing this unpleasant legal situation if he fulfills certain conditions. In most countries these conditions include "residence" for a shorter or longer period of time, knowledge of the language, perhaps they expect the acquisition of property of a certain magnitude. Thus the stateless person may become a citizen with rights and duties identical to those of the majority.

Belonging to a nation, to a people is the innermost private affair of everyone, or at least it should be that way. But the bloody 20th Century presented countless examples in which one or another majority excluded minorities, practicing acceptance as a grace, and always

reserving the right to exclude. This is not worthy of discussion. In every instance, the restriction of individual rights became the source of other crimes, and it will be that way 'til the end of time.

But what happens when an individual wants to become part of a minority? (Let us not deal with the reasons why.) In our view a law should render a decision in regard to the matter of the number of people required to decide whether a minority organization should be established, and whether such an organization should be able to have the rights to which minorities are entitled.

We are pleased to present Karoly Laszlo's letter, but in our view it is not the one who protests who should be collecting signatures, but those who want to become a nationality, because it depends on their number whether their wish may be fulfilled.

#### **Cultural Minister Glatz on Right of Hungarians Abroad for Native Language**

*90CH0101A Budapest MAGYAR NEMZET  
in Hungarian 31 Mar 90 p 4*

[Article by Ferenc Glatz]

[Text] Intellectuals are the torch-bearers of a nation's thinking. In a narrow sense they are a stratum of society which evolved to nourish and replenish the thinking of society. In a wide sense they are the intelligentsia: Individuals in different professions who think about the fusion of their communities, the cohesive conscious and individual forces, and act purposefully for their preservation. About one-third of the Hungarian nation became part of neighboring countries upon the collapse of historic Hungary. Rulers and officials of the new countries, often in league with the "new" intelligentsia, tried for decades to denationalize Hungarians and deprive them of their basic human rights. International agreements or various alliances could not restore the rights of minorities, neither in the period 1920-45 nor during 1949-89. Over time, the methods of denationalization not only did not fade out, but were actually reinforced during the last decades of the Soviet system.

The processes of democratization now being acted out in the region of Central Europe also demand a reorganization of its policies on minorities. The relaxation of dictatorial systems offers two possibilities: One is the release of pre-1947 Balkans-style cruel nationalistic emotions, rooting back centuries and preserving even traces of fascism. These did not mellow out during dictatorships, but rather became stronger while being suppressed. Or, there is the other possibility: the beginning of a process of release of the nations in the region from nationalistic-chauvinistic isolation. This liberation must be self-generated. It must be acknowledged that border adjustments both before 1918 and after 1920 created artificial conflicts amongst the various national groups living there, and contrived to draw unnatural lines between peoples speaking the same language. Respect for national boundaries and the unity of autonomous

regions does not imply the abandonment of strong relationships with like nations across the borders.

We consider this second option, the gradual abolition of borders between Central European nations, to be the choice for the 1990's.

Thus it is clear that Hungarians in neighboring countries must find in their own states their political, economic, and even cultural self-expression. We view the future as the living together of European peoples, side-by-side and free of state divisions. The future lies in the dissolution of nation states, a concept held sacrosanct in the 19th century. The future offers a free choice of home residence and nationality to the citizen, regardless of his place of birth.

This is why we proposed to the new Romanian and Slovak governments, upon the fall of the Central European dictatorships, a reevaluation of our interstate relations. Let us abandon the demand that cultural and human relations of peoples be determined by international agreements. Let the citizen move freely amongst the schools or colleges of Romania, Hungary, Czechoslovakia, the Soviet Union, Yugoslavia, and Austria. Let it be his individual right to decide where to study or to live. It is in the interest of the state, whether Romanian, Hungarian, Czech, or other, that its citizen become as educated in his ancestral tongue and live as contentedly as possible. Let the Romanian, Slovak, German, or other minorities in Hungary be schooled at colleges or programs in neighboring countries. Let states forever abandon the principle of reciprocity invented under the Soviet system, whereby contingents had to be balanced, e.g. those from Czechoslovakia to Hungary by those going the other way. If the state cannot aid those wishing to study abroad, at least it should not hamper them.

Those who think responsibly in Hungary are aware that our minorities living in other countries must create there the conditions for their education and learning. Likewise, the schooling of German, Slovak, Romanian, Serbian, and Croatian minorities (not to mention others) living in Hungary must be taken care of here. But, in a Europe that is contemplating the dissolution of national boundaries, in a Europe where culture and the labor force can flow freely, it must be possible for the citizen of any country to study in any other country. Why should it be easier for a West European, African, or American to "freely elect" to study in Hungary, even at his own expense, than for someone from Romania, Yugoslavia, or Czechoslovakia? Why could a Romanian, Southern Slav, or Slovak, but also a Hungarian, not study civic law at Hungarian institutes of higher learning?

For this purpose the governance in education is establishing a fund named after Zsigmond Kemeny. Its purpose is to support Hungarian youth living in neighboring countries in their studies, as well as the further education of teachers living in those countries in the Hungarian language.

Hungarian universities have not prepared, and could not prepare to fulfill these new requirements. The Ministry of Education must formulate in the coming weeks the conditions for the further education in Hungary of our minorities in neighboring countries. This is no small task for university administration at a time of general changes. We must be ready for the start of the new school year with a new educational structure, even if it is an experimental one.

The fund is currently endowed with 50 million forints. Its scope and utilization were determined by the Ministry of Education in agreement with other ministries concerned with education. We hope that this amount will grow in the coming months. Details of applying for the fund and of training plans will be published in *MAGYAR NEMZET* and *KOZNEVELES*. For more information contact: Pro Renovanda Culture Hungariae, Budapest V., Dorottya u. 8. Phone: 118-3899.

### **Lower Carpathians: Improvements, New Aspirations Reported**

*25000732A Budapest NEPSZABADSAG in Hungarian 10 May 90 pp 1, 3*

[Interview with Professor Sandor Fodo, chairman of the Lower Carpathian Hungarian Cultural Association, by Gyula Fejer in Budapest 9 May: "Hungarian Alphabet in the Lower Carpathians"—first paragraph is NEPSZABADSAG introduction]

[Text] University professor Sandor Fodo, chairman of the Lower Carpathian Hungarian Cultural Association, was one of the honored guests at Parliament's organizing session. He was once again in Parliament yesterday when the issue of protecting minorities was discussed, because the House regards the situation of Hungarians residing in neighboring countries as disquieting. It is initiating negotiations to improve the situation.

[Fejer] What do you have to say about the things you have heard?

[Fodo] I am pleased, moreover I will add that this should have been accomplished a long time ago. A few years ago the government of Romania registered a lively protest for taking off Slovenian street signs in a few Austrian villages, thus infringing upon the rights of the Slovenian minority. No one raised his voice for our rights, irrespective of how they were infringed upon.

[Fejer] You were also present at the organizing session of Parliament....

[Fodo] That is true. And let me add: I regard it as a great honor that the Hungarian Democratic Forum [MDF] invited a few Hungarians from abroad to this great event. It was a gesture that raises hopes. We on the other side of the border may rightfully assume that in the future the ruling party intends to deal more intensively with the fate of Hungarians outside the parent country. Incidentally, I am closely tied to the MDF; I am a

founding member of the organization: I was present in Lakitelek on 3 September 1988, at the organizing meeting. Ever since that time I have been present at MDF functions. It then follows that neither I nor our organization have such close ties to the rest of the parties, but for myself, I have deep respect for Pal Dragon, Imre Pozsgay, Matyas Szuros, and Arpad Goncz, from among today's politicians.

[Fejer] Your organization is one year old. What characterizes your work? Is it the nurturing of culture? Is it interest protection? Or, are you perhaps involved in politics?

[Fodo] The term "cultural" may be misleading in our organization's name, because we are a special interest group, and we openly profess that we are an organization involved in politics. But at the time we were established we were unable to omit the restrictive adjective I just mentioned. I could also say that this term has been forced upon us.

After collecting several thousand signatures we mailed a letter of protest to Gorbachev during the days of the Marosvasarhely [Tirgu Mures] atrocities. We objected to the fact that the Soviet press misinformed the public in the Soviet Union concerning the events that took place there. Jointly with the movements of Ukrainians and Ruthenians, we stood up against constructing the Lower Carpathian spaghetti factory, the locator station, that is. We remembered those who were taken away in 1944, and those we were not permitted to mourn for 45 years. Today every village has a marker remembering them. Our activists travel from village to village to gather data needed for their moral rehabilitation. Forty-thousand Hungarians were removed altogether; they had committed no other crime than the fact that they were Hungarians.

Here I must mention that at Tiszaujlak [Soviet designation unknown] we erected a Rakoczi monument, and in the near future we will unveil a monument honoring Sandor Petofi. Now one finds bilingual signs almost everywhere in the Lower Carpathian region, moreover: [the] letters [of the two inscriptions are of] equal [size]. Half a year ago they would have threatened us with the prosecutor's office for that. Times change, and I must say: It is good to be Hungarian in the Lower Carpathian region.

[Fejer] Hungarians there speak three languages. Is it possible to offset this by teaching the native tongue?

[Fodo] At present there are 55 schools like this in the Lower Carpathian region, schools where they teach all subjects in the Hungarian language. The most important thing is to render independent as soon as possible the schools that were integrated. Thus far we have not accomplished much. It is sad that a large number of Hungarian children go to non-Hungarian schools without being forced to do so. There is much to be done. We have just taken the first steps to establish a network of Hungarian nursery schools. It has been possible to

take the admissions exam at the University of Ungvar [Uzhgorod] since last year, and beginning this year the same will be possible in specialized intermediate schools. In the latter kind of schools Hungarian groups will be taught in the Hungarian language. Hungarian history has been taught for a year now, but this is rather unsettled.

[Fejer] These days we see independence endeavors throughout the Soviet Union with increased frequency. What is the situation in this regard in the Lower Carpathian region?

[Fodo] There is ongoing debate over whether the pure Hungarian part of the Lower Carpathian region, as a nationality region, should demand autonomy. This would affect 150,000 Hungarians. But another 70,000 to 80,000 would be left outside. They have a just concern that in this case their situation will become even worse. We like all of the Lower Carpathian region. Personally, I would feel that an autonomous status—or even the status of a republic—would be more appropriate for the entire Lower Carpathian region. And this does not occur from one day to the next.



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